

# HELSINGIN KAUPPAKORKEAKOULU

Markkinoinnin laitos:  
Kansainvälinen liiketoiminta



## CONDUCTING SPONSORSHIP CAMPAIGN

Case: Ericsson Grand Prix

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## CONDUCTING INTERNATIONAL SPONSORSHIP CAMPAIGN – Case Ericsson Grand Prix

### Tutkimuksen tavoitteet

Tämän tutkielman päätavoitteena oli toimia kuvauksena kansainvälisen sponsorointikampanjan toteuttamisesta ja mitata sen tuloksia. Pääkysymykset olivat: 1. Kuinka kansainvälisen tason sponsorointikampanjoita toteutetaan? 2. Mitkä ovat näiden kampanjoiden mitattavat tulokset? Lisäkysymykset olivat: 1. Kuinka sponsorointikampanjan vaikutuksia voidaan tehokkaasti mitata? 2. Mikä on yrityksen strategian ja sponsorointikampanjan yhteys? sekä 3. Mitä mahdollisia eroja on vaikutuksessa eri kohderyhmien välillä? Teoreettisesta näkökulmasta tavoitteena oli lisätä ymmärrystä kansainvälisen tason sponsoroinnista. Liikkeenjohdollisesta näkökulmasta tavoitteena oli osoittaa sponsoroinnin toimivuus eri kohderyhmissä.

### Lähdeaineisto

Tutkimuksen teoreettisen osan lähdeaineisto koostui sponsorointia ja tapahtuma- sekä urheilumarkkinointia käsittelevästä kirjallisuudesta ja lehtiartikkeleista. Teoreettisessa osassa sovellettiin myös yleisiä markkinointiviestinnän malleja, koska sponsorointia koskevia tutkimuksia on niukasti.. Tutkimuksen empiirinen osio käsitteli Yleisurheilun Ericsson Grand Prixä, joka on ensimmäinen tapahtuma lajissaan Suomessa. Empiirisen osan lähdeaineistona käytettiin haastatteluja, puhelinkyselyjä ja Taloustutkimus Oy:n tekemiä puhelinkyselyjä.

### Tutkimusmenetelmä

Empiirinen tutkimus suoritettiin case-tutkimuksena ja tutkimus oli luonteeltaan määrällinen ja kuvaileva. Case-yrityksenä toimi Oy LM Ericsson Ab. Tutkimus koostui kahdesta eri tutkimuksesta: imago- ja tunnettuustutkimuksesta. Sponsorointikampanjan tehoa tutkittiin vertaamalla Ericssonin imagoa kahden kohderyhmän, suuren yleisön ja jälleenmyyjien, keskuudessa ennen ja jälkeen tapahtuman sekä eri sponsoriyritysten tunnettuutta ja huomaamista ennen ja jälkeen tapahtuman Yleisurheilun Ericsson Grand Prixin kohderyhmän keskuudessa.

### Tutkimustulokset

Empiirinen tutkimus jakautui kahteen osioon: tunnettuustutkimus osoitti, että tapahtuma itsessään oli melko hyvin tunnettu, mutta tuotemerkkien huomaaminen tapahtuman yhteydessä oli vaatimatonta. Imagotutkimuksen perusteella voidaan todeta, että Ericssonin jälleenmyyjien ja suuren yleisön reaktioiden välillä oli suuri ero. Suuren yleisön mielikuvat olivat jopa huonontuneet, mutta jälleenmyyjien mielikuvat muuttuivat positiivisemmiksi. Jälleenmyyjille tarjottiin pääsylippuja tapahtumaan ja erilaisia palveluja, joiden kokonaisvaikutus on huomattava. Suuren yleisön yllättäviä reaktioita selitettiin pian haastattelua seuraavalla juhannusviikonlopulla, jolloin ihmiset eivät halunneet ajatella monimutkaisia mainosviestejä. Lopuksi voitiin todeta, että oikein kohdistettu sponsorointi innovatiivisesti toteutettuna ja selvästi kommunikoituna toimii parhaimmillaan muita markkinointiviestinnän keinoja yhdistävänä teemana ja syventää näiden vaikutusta.

### Avainsanat

Sponsorointi, Markkinointiviestintä, Tapahtumamarkkinointi, Urheilumarkkinointi, Tunnettuus, Imago



## **CONDUCTING INTERNATIONAL SPONSORSHIP CAMPAIGN – Case Ericsson Grand Prix**

### **Objectives of the Study**

The main objective of this study was to serve as a description of conducting an international level sponsorship campaign and to measure its effects. The main questions were: 1. How are international level sponsorship campaigns conducted? 2. What are the measureable effects of these campaigns? Additional questions were: 1. How can the effects of a sponsorship campaign be efficiently measured? 2. What is the connection between the corporate strategy and a sponsorship campaign? And 3. What are the possible differences in effects between different target groups? From theoretical point of view, the objective was to enhance knowledge of international sponsorship. From managerial point of view, the objective was to prove the effectiveness of sponsorship in different target groups.

### **Data of the Study**

The data of the theoretical part consisted of sponsorship-, event- and sports marketing literature and articles. General models of marketing communications were also exploited in the theoretical part, since sponsorship studies are so few in number. The empirical part of the study was about Ericsson Grand Prix Track and Field Meeting, which was the first of a kind in Finland. For the data of the empirical part interviews, telephone surveys and a telephone survey conducted by Taloustutkimus Oy were used.

### **Research Method**

The empirical study was carried out as a case study and the study was quantitative in style and descriptive in nature. Oy LM Ericsson acted as a case company. The study consisted of two studies: image and awareness studies. The effect of the sponsorship campaign was measured by comparing Ericsson's image among two target groups, great audience and dealers before and after the event and in addition, the awareness of different sponsors among the target group of the Ericsson Grand Prix.

### **Findings**

The empirical study was split in two parts: awareness study showed that the event itself was rather well known but brand awareness within the event was modest. Based on the image study it can be stated that there was a large difference between the reactions of the great audience and Ericsson's dealers. The perceptions of the great audience had even got worse, but the those of the dealers' had got more positive. Tickets to the event were offered to the dealers along with various hospitality services. The total effect of these was noticeable. Surprising reactions of the great audience were explained by the Midsummer weekend, when people did not want to think about complicated advertising messages. Finally it can be said that well targeted sponsorship that is innovatively carried out and well communicated works as a uniting theme to other methods of marketing communications deepens their impact.

### **Key Words**

Sponsorship, Marketing Communications, Event Marketing, Sports Marketing, Awareness, Image



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# **1. INTRODUCTION**

## ***1.1 BACKGROUND TO THE STUDY***

Sponsorship has established its position as one of the most prolific media of marketing communications. At the same time problems with its efficiency measurement have raised controversy among marketing professionals. Sponsorship in all its forms is in the state of constant turmoil and it has been experiencing heavy growth globally during the last two decades. It arises confronting opinions about business morale and commercial conduct. However, today it is considered as a major industry and it cannot anymore be referred to at the same time with charity and patronage. Sponsorship per se also draws extensive attention and receives considerable media publicity.

In Finland sponsorship started to gain ground as late as 1990's. Despite the economic downturn in the beginning of the decade, firms have started to use sponsorship as a marketing tool in a growing speed. Today investments in sponsorship almost equal the total of radio- and outdoor advertising (Tuori, 1995: 3). The investments in sponsorship activities were predicted to continue to rise rapidly, as presented in a study by the Association of Finnish Advertisers. Average annual growth of sponsorship budgets in 1995 among the member firms was 40%. The expenditure on sponsorship among the respondents totaled 187 million Finnish Marks during the same year and it was projected to grow in the upcoming years.

According to year 1998 study Sponsorship in Finland in year 1998 is going to remain at 1997 level totaling 250 FIM, hence some saturation can be seen. The investments in sponsorship will remain the same in 56% of the companies studied. Every fifth company will increase its investments, especially trading branch seems to do so. Conversely, service sector and industry will decrease their investments. Furthermore, the most significant



change is the growing share of companies measuring the effects of their campaigns. The rate still remains fairly low, however, only 30% of the respondent firms. These are mainly the firms that spend 3-5 million Finnish Marks in sponsorship. Also, more money seems to be spent in taking advantage of the sponsorship itself. (Liimatainen 1998)

Notwithstanding the established statistical growth of sponsorship budgets some professionals in the Finnish marketing communications business claim that the significance of sponsorship is declining. Perhaps its significance is not declining, it might be that the firms are starting to focus more on the means to exploit sponsorships efficiently i.e. using it more accompanied with other media of marketing communications. It is namely estimated that an effective exploitation of a sponsorship campaign requires at least two or threefold amount of funds invested in sponsorship itself (Meenaghan 1994).

While the origins of sponsorship can be seen in behavior of Greek and Roman patrons, commercial sponsorship is still a fairly modern phenomenon. The first reported sponsorship activities go back to 1861, when an Australian caterer, Spiers and Pond, sponsored England's first cricket tour (Wilson 1988: 157). Globally, commercial sponsorship has emerged only recently as a serious industry; as mentioned before, most of the activities have been carried out in the last two decades. The exponential growth in sponsorship expenditure can be seen with reference to United Kingdom (Table 1), where the statistics have been readily available. Same kind of growth patterns can be seen in the world's major developed economies (Meenaghan 1994: 78).

**Table 1**  
**The Sponsorship Explosion**

year	value (U.K. market £m)
1970	4
1980	35
1993	400

Source: Meenaghan 1994

The factors backing up the rapid growth of sponsorship (although varying internationally from country to country) have been identified by Meenaghan (1991: 5): Firstly, governments have been pressured to stringend their policies on tobacco and alcohol advertising. Both or either have been at least partially restricted in most of the developed countries. This has limited the promotional options of the manufacturers so that in some cases the most prolific medium of communications is sponsorship.

There have also been extensive plans on banning tobacco and alcohol sponsorships. For example, European Union (EU) Commission tried to enforce a directive, which would ban all tobacco advertising in EU. The strongest effect of the ban would be felt by Formula 1 circus. This, however was overcome by Mr. Max Mosley, the president of International Formula 1 Association. If the ban would have been raised, Formula 1 Grand Prixes would have been moved to Eastern Europe, Latin America and so on (Raivio 1997: C10). The ban was postponed by Great Britain and others were anticipated to follow suit.

There are also factors based on the developments in the traditional media of marketing communications (advertising, public relations, sales



promotions and personal selling) backing up the rise of sponsorship. Namely, costs of these traditional media have peaked in last two decades and, in addition, inefficiencies of these media, such as cluttering and media noise have had their effect. This is by no means to say that sponsorship today is free of these problems.

Additional reason for the growth of sponsorship is increased leisure activity of people in the developed countries. This increases the opportunities for sponsors to reach their target audiences. Furthermore, as its own reason or consequence, the huge media coverage drawn by sponsored events and activities naturally makes them more lucrative for potential sponsors. Finally, sponsorship has established its capabilities as a medium of marketing communications. There is a number of successful sponsors with fine track records.

As a suitable method for global communications, sponsorship has become a major worldwide industry. Total world expenditure on sponsorship in 1993 is estimated at \$10.8 billion. Not surprisingly, the United States and Western Europe make the biggest part of this, \$3.7 billion and \$3.8 billion, respectively (Meenaghan 1994: 78). The newest developments refer to growth in the role of the Pacific Rim and Latin American countries, resulting from their overall economic growth.

## **1.2 RESEARCH GAP**

As mentioned in the beginning, sponsorship is a relatively new activity as a business on international scale, reaching its present form only recently. Most of the publications in the area are fairly up-to-date, which naturally refers to the short time period in the emerging of the subject. Practically all the available publications, at least when international sponsorship is

concerned, are written by foreign authors (often many publications by one author).

However, in the field of sponsorship in general, a few Finnish publications can be found. Even some Finnish academic studies have been conducted, but these often explore the issue from non-business point of view and are practice-oriented presenting sizable amount of cases as examples, which are relatively limited in scope. There are in fact a couple of case studies, in which the sponsorship process and its effects are described, but these studies are conducted with Finnish firms sponsoring Finnish events or activities. Business journals and periodicals provide merely a supplementary database for observing the latest developments in the field of sponsorship.

Most of the sponsorship books tackle the issue as handbooks for a sponsor starting its activities, and more often than not the publications are rather entertaining with their number of rather short case examples. The literature forms a loose jig-saw puzzle without an integrated whole. Because of the ambiguity of the field of sponsorship, studies that fill academic requirements are very rare. Thus, that is where the research gap for this study lies: *There are very few Finnish academic studies that describe or analyze the conduct and effects of an international sponsorship campaign.* Even the firms conducting these campaigns very seldom focus on the documentation of the campaign in order to serve as an illustration and a reference for future sponsorship opportunities.

Most useful branches of study are measuring effects on corporate and brand images and visibility. Incorporating the research to the process is often seen as unnecessary cost added to the sponsorship, which today are very expensive in the first place. However, sponsors who truly want to exploit their initial investment take advantage of these researches and get



measurable results which enable better exploitation in the upcoming sponsorships.

### **1.3 OBJECTIVES OF THE STUDY**

The main purpose of this study is to provide an illustration of how international sponsorship campaigns are conducted and to measure the results with different studies. Also deeper understanding of sponsorship activities in international environment is needed. At more general level, scientifically based wider knowledge of sponsorship per se is necessary. These are the main objectives of the study. Finally, all these objectives put together should alter the nonscientific impressions traditionally put to sponsorship studies. This should also affect the perception of sponsorship being an entertaining nonindustry.

The theoretical sections of the study will illustrate the processual framework according to which sponsorship campaigns are conducted. The processual framework will be slightly edited for the case in hand if necessary. The empirical section will describe an international level event, which serves as a case for this study. These empirical aspects of the study are further discussed in chapter 4. The study of the case event should illustrate the factors that affect the success of these campaigns, and they could be analyzed in more depth, if possible. The exploration of the case event should arise new ideas for companies organizing their sponsorship activities, accompanied with useful knowledge for event organizers as well.

The major research questions of this study are the following:

- 1. How are international sponsorship campaigns conducted?**
- 2. What are the measurable results of these campaigns?**

There also remain some additional questions:

- How can the results of a sponsorship campaign be measured efficiently?
- What is the connection between corporate strategies and a single sponsorship campaign?
- What possible differences are there in the effects on different target groups?

Empirical study accompanied with proper theoretical background is used to solve the research problems. The empiria section itself is descriptive in nature.

#### ***1.4 LIMITATIONS TO THE STUDY***

Throughout this study when referring to sponsorship, sports sponsorship is meant unless otherwise specified. Naturally the author's own interests have their impact, but there are also a number of reasons why sports sponsorship is considered as a major industry in comparison with for example art or science sponsorship. These aspects are further discussed in chapter 2.5. Although the total expenditure on sponsorship is increasing, the portion of other sponsorship targets than sports is growing. Despite these facts, when sponsorship is generally discussed in everyday life sports sponsorship is more often than not meant.

For business purposes the point of view of a company conducting international sponsorship is obtained in this study. Study from event organizer's point of view would be rather focused on practical matters instead of strategic aspects of sponsorship. Of course today sport, art and



science are huge businesses, but for this study it is more purposeful to have the aforementioned view, since there are none or very few Finnish events that would attract international sponsors on a scale large enough. The same applies to the drought of Finnish companies, which conduct sponsorship on international scale. In addition, the sponsorship projects studied should play big enough a part in the company strategy (sometimes firms join a sponsorship campaign with no objectives). Naturally the last requirement will be fulfilled when large-scale international sponsorship campaigns are considered.

When describing the case sponsorship project the main focus is intended to put on sponsorship activities in themselves, not the total communications package which would include also other media of marketing communications. Of course, in some situations this is extremely hard to carry out, since the media are so closely related that is virtually impossible to distinguish between the media used. Additional problems arise when effects of a sponsorship campaign are measured. One of the few rational ways to measure the effects is to compare the value of a certain factor before and after the campaign, *ceteris paribus*. The problem is the above mentioned inseparability of media used, so that no actual *ceteris paribus* ever exists.

## **1.5 DEFINITIONS**

The most commonly used definition of sponsorship has been presented by Tom Otker, the President of Marketing Research Department of Philips International (Tuori 1995: 7): *Sponsorship is renting the image of an individual, group, event or other activity and making it to benefit specified marketing communications purposes*. Other definitions are also extensively used, and they all seem to have a common feature: they are rather practically and operationally oriented hence failing to establish a base for a

theoretical framework. They often do, however, present the fact that sponsorship is a two-way process, with beneficial purposes for both of the sponsorship parties - the sponsor and the sponsorship recipient (Turner 1987: 11).

A thorough definition of sponsorship is yet to be conducted, but Mullin (1993: 208) comes closest as he suggests the following definition to describe the practice and use of sponsorship and to provide a theoretical base for its examination: *"Sponsorship is the provision of resources of any kind by an organization in direct support of an event (sports or arts) or social concern (educational or environmental) with the purpose of directly associating the organization's name/product with the event. The sponsor then uses this relationship to achieve its promotions objectives or to facilitate and support its broad marketing objectives."*

There are no international laws that would regulate sponsorship in itself. The sole set of rules are in a form of International Chamber of Commerce Code on Sponsorship, in which some of the terms are defined for use in international legal matters:

**"Sponsorship":**

*any communication by which a sponsor contractually provides financing or other support in order to establish a positive association between the sponsor's image, identity, brands, products or services and a sponsored event, activity, organization or individual.*

**"Sponsor":**

*any corporation or legal person providing financial or other sponsorship support.*

**"Sponsored party":**



*any individual or legal person receiving direct or indirect support from a sponsor, related to an activity or event.*

**"Audience":**

*the public, individuals, or organizations to which a sponsorship is addressed.*

## **2. SPONSORSHIP**

Sponsorship is often, though unconsciously, regarded as one method of advertising. However, certain notable differences can be found between these media of marketing communications. Meenaghan (1991: 8) illustrates the following factors that make sponsorship different from advertising:

- *Control.* Sponsorship resembles public relations in the sense that the quality and the quantity of coverage is mainly beyond the sponsor's control. This is totally different from advertising where these parts of communication are controlled by the advertiser.
- *Message.* In traditional advertising the message is created by the advertiser using a combination of visual and vocal effects in addition with the context. Sponsorship, on the other hand is a non-verbal medium in the way that the message is delivered by association with a socially intrusive activity.
- *Implementation.* A sponsorship investment enables the sponsor to exploit the purchased sponsorship property rights. The sponsor has to accompany the sponsorship with additional investments in promotion to get the association with sponsored activity into the knowledge of the intended audience. The results of the early sponsorship campaigns were frustrating, as sponsorship was treated like advertising: after the initial investment in sponsorship it was left alone and resultant media

coverage was being waited. Today at least the amount of funds invested in the sponsorship are preferred to be dedicated to ensure the adequate exploitation.

- *Audience reaction.* Audience reaction to sponsorship is bound to differ from other media. Sponsorship is likely to be appreciated by the audience of the sponsored activity, since the sponsorship is admittedly benefiting the sponsored activity. Hence sponsorship creates certain goodwill aspect compared to traditional advertising, as it is usually evaluated by the audience in less cynical terms than advertising.
- *Personal motives.* Notwithstanding the increasing commercial nature of sponsorship, there are still strong evidence implying that the personal agenda of sponsorship decision makers has its influences on sponsorship decisions. High profile sponsorship is often used to enhance the status of the decision makers among their peers, as witnessed by a study of Irish companies. No other medium of marketing communications can match this capacity to fulfill personal objectives.

It is very important to distinguish sponsorship in order to be studied properly.

Although sponsorship can sometimes have forms similar to other media of marketing communications, it has its own special features. In the following chapter the framework for the role of sponsorship in the marketing communications mix is introduced.

## **2.1 SPONSORSHIP AS A MEDIUM OF MARKETING COMMUNICATIONS**

The traditional media of corporate marketing communications have been advertising, public relations, sales promotions, and personal selling (Mullin et al. 1993: 207). Sponsorship adds a fifth medium to corporate



communications/promotions package. Sponsorship should be considered on its merits to deal with a particular objective alongside the aforementioned media. As the five techniques often overlap, sponsorship can be used as a theme that can unite advertising, public relations, sales promotions, and personal selling in a synergistic manner, when the total effect is greater than any one individual campaign.

Sponsorship can work as base for other communications activities by relating to its audience in a way that no other medium does. Sponsorship makes its impact on the audience through their interests and lifestyle activities (Sleight 1989: 39). By this approach through activities in which people are personally interested (also known as 'lifestyle marketing'), sponsorship has a certain distance to the commercial nature of the other communication media. More marketers are creating hybrid sponsorship/licensing relationships with properties, transforming fan loyalty into sales. In addition, sponsorship enables specified audiences to be reached with certain set of messages. As a uniting theme for all the communication media, sponsorship can reach these audiences in a social and relaxed environment (Sleight 1989: 42).

When conducting a sponsorship campaign, the rest of the communications/promotions mix is often used as supporting activities (Vuokko 1993: 79). For example advertising and press conferences can be used to announce the participation of the firm in the sponsored activities, and sales promotions can carry the theme of the sponsored activity (Figure 1). Thus basically these media work as indirect means to get the sponsorship theme into the knowledge of the target audience. As some authors see it, these supporting activities are often poorly used. For example, Mr. Scott Becher, CEO of Sports&Sponsorships, claims that public relations is underutilized by sponsors and connected promotions. He points out that it is effective in getting the trade and sales force involved to make the promotion visible at the point of sale (Advertising Age, March 16th

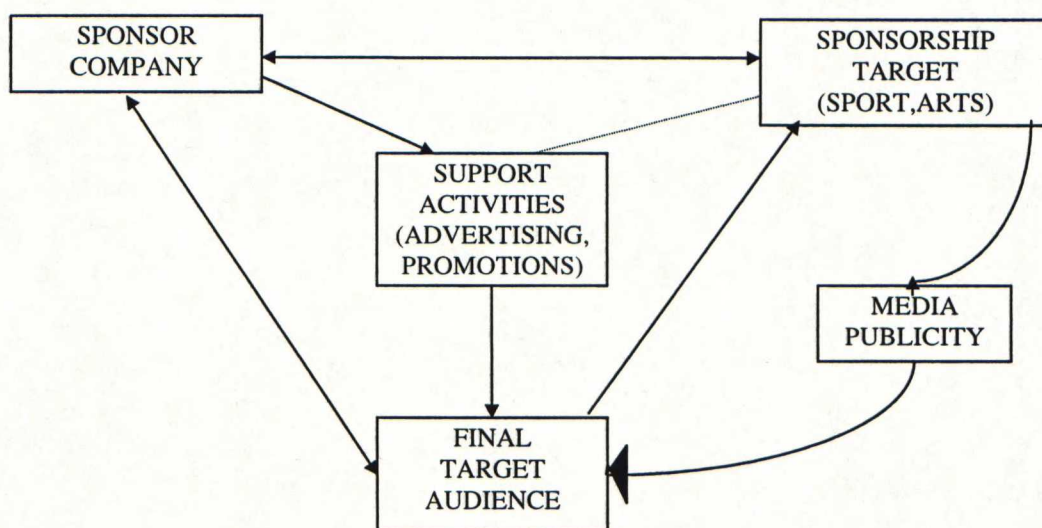
1998). The audience proactively gets into the influence range of the sponsored event and gets exposed to the company theme, as different kinds of logos on the outfits, backboards, banners, flags, paintings on the playing surface and scoreboards can be used. Also, media publicity plays a key role in delivering the company message. The time of visibility in television and sizes and numbers of photos are precisely measured. Controversially there are often rumors which imply that it is possible to influence the visibility of the company theme in the media.

Despite the fact that sponsorship is often incorporated with the traditional media of marketing communications, it is often regarded as a less economically authentic medium by sponsors, especially when compared with advertising. Meenaghan (1991: 9) puts forward several reasons for this kind of perceptions:

**Figure 1**

**Sponsorship as a Medium of Marketing Communications**

Source: Vuokko 1993





Firstly, sponsorship has emerged only recently when compared to the other media. The studies conducted in the field of sponsorship have been fairly limited in scope, and a wide theoretical base is yet to be established. As a consequence, there remains a lack of understanding how sponsorship works when compared to advertising. Additionally, the constant confusion of sponsorship with patronage or philanthropy and other forms of charitable corporate donations has had its impact in the perception of sponsorship as non-profitable goodwill work for the society.

The total picture of sponsorship as a business is often even more blurred, as there is a tendency of some sponsorship decision makers to mix both the commercial objectives of the firms with own personal and leisure motivations. Although sponsorship decisions are usually strategically important and made by the senior managers of the company, the assortment of possible sponsorship targets can be heavily influenced by persons' own personal agendas. In addition there is the fact that different from other media of marketing communications, sponsorship even in its purest commercial forms, is considered to be associated with leisure and other less commercially puritanical pursuits. It is often regarded as something fun to do for the corporate managers, and the most important benefit from sponsorship activities are free admissions and hospitality at the sponsored event.

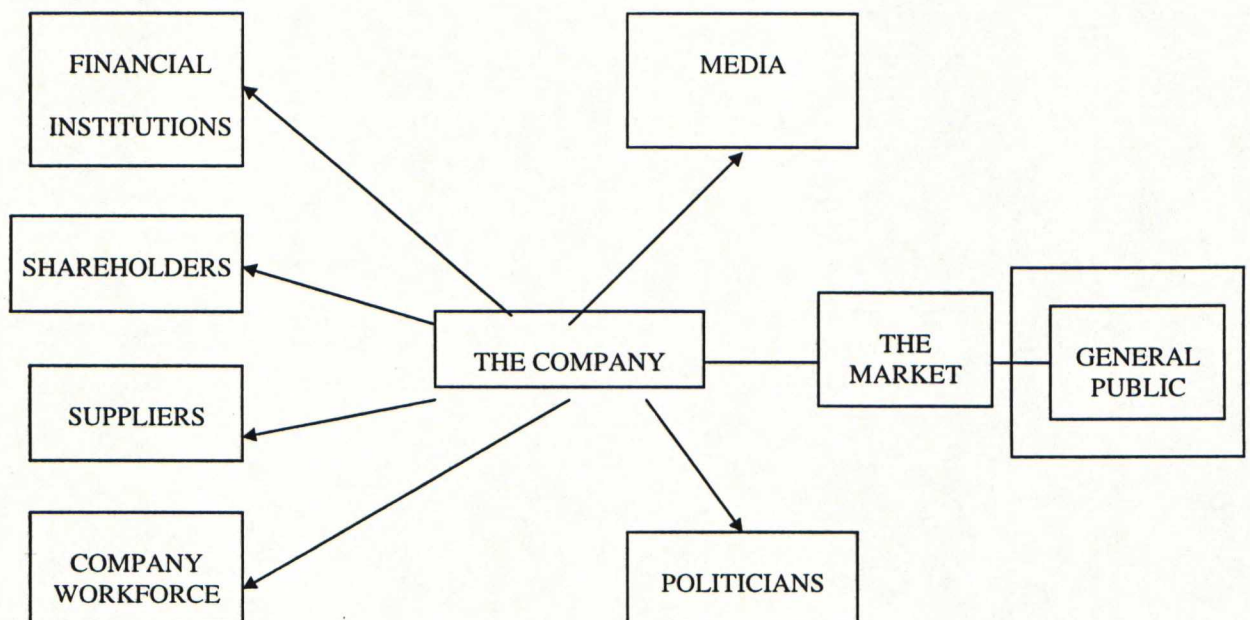
The final and perhaps the most important reason for sponsorship to be regarded as less commercially oriented than other media of marketing communications is based on the non-existence of empirical validation of its effectiveness. Some companies are accepting the situation as it is and are not even measuring the effects, but instead waiting for things to happen. These problems with assessment are discussed in greater detail in chapter 2.5.1.

## 2.2 TARGET AUDIENCES

Most of the early literature in the area of sponsorship has focused on effects aspect of objectives instead of target audience determining (Crowley 1991: 11). These two aspects have to be separated and included into objective setting. As studies have shown, companies conducting sponsorship try to communicate with a whole variety of audiences. The scale of target audiences is affected by such factors as which industry the company is acting in, what kind of activity is sponsored, company's level of international operations and so on. Furthermore, companies are positioning their target audiences in order of priority according to the aforementioned factors. The possible target audiences are illustrated in Figure 2.

**Figure 2**  
**Corporate Sponsorship Audiences**

Source: Crowley 1991





**Product markets** is the most notable of all audience categories (Crowley 1991: 13), since the general public can be too expensive and difficult to reach. Product markets are often subdivided into existing and potential customers, the latter being the target audience of most communications activities. The distinguishing is needed, since sponsorship as a secondary medium in maintaining existing goodwill and strengthening positive attitudes of existing customers is totally different from campaigns that try to generate new customers (when persuasion is needed) with sponsorship as a prime medium. In both cases, detailed information on customers, existing and potential, is crucial (Sleight 1989: 86). Namely, the sponsored activity must match the primary target audience, because even large improvements in corporate image can be useless in wrong target audiences.

**Suppliers** are among possible corporate audiences, as supplier-user relationships have raised their importance (Crowley 1991: 13). Sponsored event gives an opportunity for corporate hospitality and guest entertaining at the event itself, and these are often used as a method of enhancing the relationships towards raw materials and finished goods suppliers.

Sponsorship is a useful tool to present positive company images to **the personnel**. Since the workforce is a major factor in optimizing overall corporate performance, communications with internal public must be stressed. An international sponsorship campaign can act as a uniting theme for employees in different countries. Even potential employees can be affected by, for example, subventing event tickets so that they are affordable for students, thus creating positive corporate images among future employees (Wragg 1994: 43).

**General public** has an increasing importance as a target audience, since giving the outlook of good corporate citizenship is gaining higher priority (Crowley 1991: 13). Sponsorship can act as base on which relations with a broader public can be built. As seen a less commercial way of marketing



communications, sponsorship can also awake the interest of non-customers who normally would not show their interest towards the conventional communications media, such as sales promotions. Reaching the general public requires large resources by the company as well as suitable activity to be sponsored. These activities are usually internationally recognized events such as Olympic Games or games traveling world-widely.

Tobacco and alcohol producers are most commonly associated with wide scale audience targeting, lately coupled with large brands in other consumer good categories which try to achieve visibility with correct product images (Sleight 1989: 85). Local community as a defined part of general public is more easily reached by sponsoring local events thus creating sense of integrative locality between multinational companies and community. This is exactly what was done by Nokia in Sweden, after it was realized they had a poor image among the local community and "no friends" as Assistant Director Tapani Yli-Saunamäki (1996) has put it. Successful sports sponsorships along with such national companies as Volvo and Saab were established hence creating a more local perception.

**Business community** and **key decision makers** establish an audience that needs further consideration. This includes rather small groups who need elaborate and specified targeting such as opinion leaders, media commentators, politicians and peers within the industry (Crowley 1991: 14). Again, the most suitable ways to influence these groups by means of sponsorship are corporate hospitality and guest entertaining. Concept of good corporate citizenship is borne in mind when above activities are conducted by multinational companies, especially when dealing with local politicians.

**Shareholders** and **financial institutions** as investors are likely to be very alert public, as they possess the final right to overrule obviously attractive sponsorship propositions. Often companies are publicly quoted to be willing



to sponsor activities that interest investment analysts or the managers of their institutional shareholders (Wragg 1994: 43). Conversely, companies fail to identify sponsorship opportunities that would interest their private shareholders, since it would be considerably more demanding task. However, companies should know their audiences as well as possible, because failure in this can result in feelings of disillusion, while these audiences are not able to understand the rationale behind the selected sponsorship activities (Sleight 1989: 87).

### **2.3 PROCESSUAL FRAMEWORK**

A sponsorship project should be carried out in an orderly manner. Securing the wished impact of sponsorship requires clear goal setting and systematic proceeding both in planning and implementation of the sponsorship campaign. The following processual framework (Figure 3, see page 21.) is presented by Tuori (1995: 16) based on his studies.

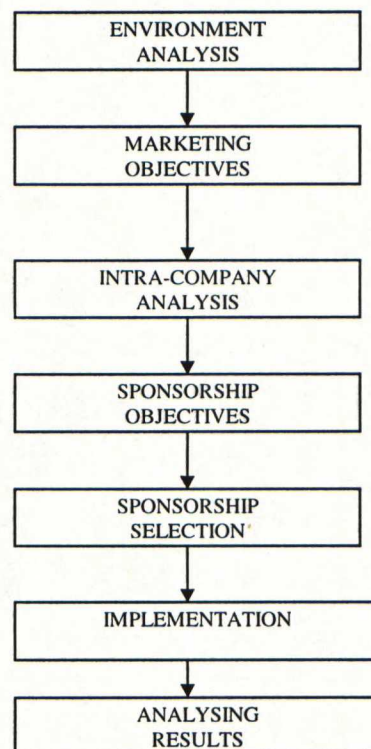
#### **Environment analysis**

Before goals of any kind can be set, the firm engaging in sponsorship has to get information from its business environment outside the company in addition with the intra-company analysis. The following external factors are affecting the sponsorship decision, as Tuori (1995: 16) points out:

1. Product demand, which is affected by consumer attitudes, experiences, decision making process, social and cultural factors surrounding the consumer, and disposable income.
2. Marketing activities conducted by competitors, especially sponsorship-related.

3. Legal matters, which is bound to play a major role when international sponsorship is considered.
4. Values of the target groups and public opinions accompanied with prevailing attitudes.

**Figure 3**  
**The Sponsorship Process**



Source: Tuori 1995

### **Marketing objectives**

Sponsorship should always be conducted in accordance with corporate strategies, goals and business culture (Wragg: 1994: 41). These are affected by above mentioned environmental factors. Naturally, when sponsorship takes place in international environment, the contributing



factors are far greater in number. However, when considering the marketing goals, sponsorship is compared with other media of marketing communications. Then, if it fills requirements better than other media, further consideration is taken.

### **Intra-company analysis**

Intra-company analysis is conducted in order to evaluate the company resources:

1. *Financial resources* - The company needs to find out if there are enough funds to commit into a sponsorship contract, and furthermore, into promoting the sponsorship association with the activity. It is commonly agreed that the direct costs of purchasing the rights to a particular event comprise only a half of the total costs of a sponsorship project at maximum (Meenaghan 1994: 78).
2. *Organizational resources* - The potential sponsor has to evaluate whether there is enough personnel with capabilities needed in managing a sponsorship campaign and do they have enough time to spend with the campaign, or is an external sponsorship or marketing agency needed. If in-house strategy is implemented, responsibilities over the sponsorship activity have to be clearly stated (Turner 1987: 21). In multinational corporations the responsibilities of the head quarters and subsidiaries have to be defined.
3. *Motivation and commitment* - There has to be willingness to commit into the sponsorship among the key managers and employees within the departments concerned with the campaign, be it in the head quarters or a subsidiary. Especially making use of the sponsorship requires personnel

motivation, as it is often seen as more hard work than taking part with the sponsored activity (Tuori 1995: 17).

### **Sponsorship objectives**

To make rational effectiveness measurement possible, clear objectives for the sponsorship have to be established. This is the stage of sponsorship process that has experienced the most dramatic advances recently. As pointed out by many authors, sponsorship campaigns have certain objectives on brand or company level (Sleight 1989: 63):

- Creating or strengthening company awareness
- Creating or strengthening brand awareness
- Strengthening or adjusting company image
- Strengthening or adjusting brand values
- Positioning a brand in a new market sector
- Reaching specific brand or corporate audiences
- Developing sales or distribution opportunities
- Supporting other marketing communications projects

Again, objectives can differ when conducting an international sponsorship campaign, for example according to product life cycle or market share. Nokia has three basic targets with their sponsorships, while the prioritizing among the targets varies geographically: visibility, hospitality and corporate image (Yli-Saunamäki 1996). Visibility is stressed when consumer goods



are considered, this far as Nokia has done in America. Hospitality is used when business-to-business customers have to be reached, as the situation has been in Asia. These two accompanied with corporate image are the targets set in Europe.

### **Sponsorship selection**

When the sponsorship process is in the selection phase, it is often already decided that sponsorship is to be used as a medium of marketing communications. Still, its cost effectiveness has to be evaluated in comparison with the other media (Tuori 1995: 23). In the field of sponsorship, the supply of events to sponsor is overwhelming, and therefore the company starting to sponsor is likely to receive plenty of suggestions from potential sponsorship recipients. This is not to say that active seeking is useless; quite on the contrary. All the suitable events might be gone already, or the company has to establish its own event. Especially internationally known events can be limited and available events are probably very expensive. The process of selecting the sponsorship is very demanding and varied strategic task in itself. Possible sponsorship opportunities are further discussed in chapter 2.4.

### **Implementation**

It is not relevant to go deeper into sponsorship contract technicalities within the scope of this study. However, sponsorship is a business transaction between two or more parties, and therefore, a written contract is needed. Sponsorship's distinctive features usually cause the contract to be very complicated (Sleight 1989: 149). As a business contract, it is covered by normal contract laws in addition with laws covering possible copyrights, trademarks and charities involved. When conducting international business

the situation might be even more complex, since international laws regulating sponsorship do not exist. Despite drawing a strict detailed contract, the relationship of the parties has to be based on mutual benefits and cooperation, otherwise it is bound to be short-lived.

There are several ways to implement sponsorship campaign in practice, only the sheer imagination of the sponsor places its limitations to various ways of sponsorship activities. Most commonly used methods are mixes of other marketing communications media with sponsorship, and usually sponsorship plays a uniting role between the others, as noted by Tuori (1995: 36). Furthermore, a company can even name its products after the sponsored event, or conversely, the total event can be purchased and named after the company. A good example of this is Nokia, who introduced a cellular phone with Leningrad Cowboys- theme and named their European Tour "Nokia Balalaika Tour".

### **Analyzing results**

Probably the most negative experiences with sponsorship are related to measurement difficulties. As it often is, companies have very ambiguous methods of analyzing the effects, or, when dealing with intuitive ad hoc-type sponsorships, no evaluation at all (Meenaghan 1991: 7). In case companies have their evaluation systems, they are hardly sophisticated, as noted by Turner (1987: 94): *"Most companies rely on a general feel for such things as media coverage and feedback from employees and customers."* More difficulties are likely to occur, when sponsorship is integrated with other business affairs: it is very hard to distinguish between activities - which effect was caused by which activity and so on. In international sponsorship campaigns also the spill-over effects are extremely hard to measure. Notwithstanding the above mentioned, market research assists in evaluating the sponsorship effectiveness.



In assessing the effects of sponsorship, Parker (1991: 27) makes a difference between wider audiences and tightly specified audiences in order to clarify what to measure. Wider audiences (including mass market audiences) can be reached by the event's sponsorship itself. Television, radio, press or attendance at the event can create awareness of the sponsorship, and these are the methods most often used in international campaigns. Useful method for reaching narrower, tightly specified audiences can be for example corporate hospitality, i.e. guest entertaining, catering and other services accompanied with promotional gifts at the event.

Testing the effectiveness among the wider audiences is often measured on opportunity to see- basis (how many times and how long has the audience been exposed to the sponsor's logos, trademarks and so on). It is a useful method, but often ill-advisedly used in comparison with advertising. It is a totally different thing to have a company's backboard banner seen for ten seconds than ten seconds television commercial (Sleight 1989: 229). Using survey data is considered the best way to conduct effectiveness monitoring, but the company has to be careful to differentiate between awareness and attitude (effect on image) (Turner 1987: 95). According to Parker's research (1991: 28), a dominant principle will affect the image of a sponsor, namely, it is crucial to get as much people as possible to be aware of the sponsorship itself. It can thus be stated that if small numbers of people are aware of the sponsorship, its image enhancement is not as beneficial as it could be.

Corporate hospitality can be very effective - as well as expensive - to reach tightly specified audiences. The usual method of evaluating the success often consists of whether or not invited guests attend the sponsored event itself, talked to the sales force, and seemed to be enjoying themselves. This kind of measurement is seen rather harsh by Parker (1991: 30), who suggests that research agencies should be used to supplement the above

mentioned methods. Agencies conduct evaluation among those who attended, sent a substitute or sent an apology or an excuse. Surveys have to be especially made among key guests who attend many similar events, often arranged by competitors. Bearing this in mind, their attitudes towards the experience and its effect on the image of the sponsor need to be discovered. Furthermore, those who do not attend the event have to be considered, the reasons for not attending the event have to be studied in order to find issues that need to be addressed.

**2.4 SPONSORSHIP OPPORTUNITIES**

A sponsor in search for a project to be sponsored is likely to have plenty to choose from. Huge amounts of opportunities of different reach and scale are available, as events and individuals are seeking for funding. Only few will match the sponsor’s requirements, and perhaps a totally new event for the sponsor can be created (Sleight 1989: 127). In addition, clutter among sponsorship, especially in sports, has forced sponsors to scan the environment in search for new sponsorship opportunities (Table 2). These include arts, broadcast programs, newspapers and books, charity and community projects, fetes, fairs and shows, restoration, circuses, scientific lectures and education, the provision of social services, even a Papal tour. Despite the focus on sports sponsorship in this study, also other opportunities are presented in the following.

**Table 2**  
**Sponsorship in Finland by Target**  
 (% of interviewees have sponsored)

	1997	1996
sports (total)	97	91
individual sports	54	51



team sports	79	67
sporting event	63	61
high culture	32	34
pop culture	26	18
science	17	18
education	22	16
social	33	33
environmental	13	13

Source: Aaltonen 1998

### 2.4.1 SPORTS

Sports is by far the oldest and dominant activity to be sponsored. In the late 1970s it started to draw attention as advertisers gradually noticed that there is too much noise in the conventional media i.e. television and printed media (Mullin et al. 1993: 211). In addition, advertising costs continued to rise in a growing speed. Developments in the media and field of sports are interrelated, as sports continues to enlarge its share of the media interest, as suggested by Mullin in the next paragraphs.

The first and foremost reason for major role of sports is that the general public in developed countries has more leisure time and interest in sports. Similar patterns are expected in newly industrialized countries. The interest in sports is overwhelming in many developing countries, too, but these do not yet offer that lucrative opportunities for large international consumer goods companies.

The developments in the media have their own impact. Namely television continues to commercialize and this provides a number of new opportunities for potential sponsors. Furthermore, even big sports events are cheaper to broadcast for the television companies than to produce shows or documentary programs. The total demand for live sports coverage has also



been increased by such new media as video, cable and satellite television thus introducing new means of exposure for both sports and sponsors.

Sports is a globally noticed activity clearly without similar pitfalls as arts, i.e. matters of good taste, other cultural differences or language barriers, which cause no problems for most of the sports (Turner 1987: 39). For example, athletics, Formula 1 Grand Prix and soccer are globally known and approved activities with a broad spectrum of appeal. Sports fans have huge interest and awareness level, often with tendency to watch closely several sports. These fans are spread all across the demographic and psychographic types of human being, thus enabling sponsors to target certain audiences by their choice of sports (Sleight 1989: 128). Furthermore, there is limitless number of sports on different levels to match company's sponsorship objectives.

There are also problems typical for sponsoring sports. First, sports as an internationally recognized activity draws extensive attention, which causes cluttering among sports sponsorships (Sleight 1989: 129). Sports fields and arenas are filled with banners and signs of different brands mixed with each other. Needless to say, controversial messages are delivered by such chaos to target audiences. Some sort of remedy is provided by the newest technology that makes changing backboards and perimeters available. Notwithstanding the fact that there are limitless sports sponsorship opportunities, truly global scale events are short of supply for multinational companies. When such events exist, the price of the sponsorship rights usually skyrocket. There still remains the challenge for potential sponsors to constantly find relatively uncluttered, cost-effective marketing platforms (Advertising Age, March 16 1998).

In addition, image problems can result from cooperation with steroid users or extremely violent sports. For example, Nokia has received offers from fairly popular boxing and kick-boxing events. These events cannot have



been exploited, since the intellectual high-tech perception does not suit with that of the sport (Yli-Saunamäki 1996). Image problems can also occur when a perennial loser is sponsored. Therefore, in general, the sporting event, team or individual sponsored ought to be a winner. If the top athletes are missing from an event, publicity is likely to be rather low thus alienating possible sponsors. Finally, sport in itself is among the worst vehicles for transmission of explicit sponsorship messages, since the event itself is almost impossible to control, although there are sometimes implications of point shaving in the yellow press, but these are more often gambling-related.

#### **2.4.2 ARTS AND OTHER ACTIVITIES**

Arts sponsorship has grown its share along with saturation of sports sponsorship markets. Arts have a lower profile, smaller audiences, less media coverage and do not skip the national borders as well as sports (Sleight 1989: 133). Nevertheless, arts can provide a fine opportunity to reach specified audiences and key opinion leaders. Thus, arts can act as a sponsorship vehicle especially with up-scale markets associated with up-scale demographics. Almost as large audiences as sports events can today be reached with international rock stars, as Volkswagens sponsorship with the Rolling Stones Voodoo Lounge Tour illustrates. Also, a company may create a whole new event if suitable ones do not exist, as AT&T did with retaining Frank Sinatra for a show in Honolulu in order to promote its long-distance phone call services (Henry 1995: 141). When sponsoring arts, companies should not interfere with the integrity of artists (Turner 1987: 48), such as dictating what the sponsored art gallery can exhibit.

Non-sports, non-arts category of sponsorship has faced a 20-fold increase in the United Kingdom between 1980-88, as noted by Meenaghan (1991:

6). The latest innovation in this group is television program sponsoring. Despite the strict laws limiting the sponsor to establish high profile, it is gaining more ground world wide. Also, books and magazines can be sponsored, but again, only low profile can be achieved. Entering into different forms of educational and environmental projects is today one of the best ways of establishing good corporate citizenship, especially when operating in foreign countries.

## **2.5 POSSIBLE PROBLEM AREAS**

Corporates conducting sponsorship are likely to face a number of problems, part of which are occurred by the sheer versatility of sponsorship itself, part by other activities associated with sponsorship, such as ambush marketing which is introduced in its own chapter. Furthermore, laws and regulations can be a source of anxiety, especially when operating on international level. This is further multiplied by problems related to cultural differences. However, the base for sponsorship should be sound. Inferior products and poor service can not be compensated by sponsorship. Therefore, the corporate culture and products must be accepted, otherwise sponsorship investments are wasted and the activities can even expose the management to disappointed customers (Wragg 1994: 42).

### **2.5.1 PROBLEMS WITH EVALUATION**

As mentioned earlier, the most common problems with sponsorship are related to evaluation and analysis. In the early era of sponsorship, evaluation was nearly impossible, since there were no clear objectives. As it



then was and sadly, sometimes is today, too, sponsorships were selected solely in accordance to executives' interests (Tuori 1995: 25). If, for example, the President's daughter played volleyball, then the President told the marketing department to start sponsoring volleyball. As no concrete business objectives for sponsorships were established, no useful evaluation systems were implemented either. This is based on the perception of sponsorship being patronage. The situation in Finnish companies has been rather hopeless as study by Kojo and Lipponen concludes: Two thirds of the companies sponsoring sports have a sponsorship policy. Still only 54% of the companies having a policy measure the results of sponsorship (Kojo and Lipponen 1991: 74).

Sponsorship's effects on sales revenues are almost impossible to measure. As a method of marketing communications, sponsorship is long-lasting with its effects and often an integrated part of the marketing communications mix that can not be separated from the whole (Tuori 1995: 44). Sometimes companies try to compare sales revenue figures between periods with and without sponsorship activity. These projects tend to fail miserably, since true *ceteris paribus* is never reached. Thus there are limitless other factors making their impacts on sales revenue figures and also country-by-country variations make the situation even more complicated. For example at Nokia, the general effects (such as visibility and awareness) are usually measured by the event organizers, but the company evaluates the fulfilling of its own smaller scale goals (Yli-Saunamäki 1996).

## **2.5.2 OTHER POSSIBLE PROBLEMS**

Sponsorship can be facing a number of possible additional problems. As Meenaghan points out, (1991: 5), one of driving forces to cause the growth of sponsorship is regulation against tobacco and alcohol advertising. This regulation has also problematic features, since some governments forbid



the visibility of cigarette and liquor brands completely. Therefore logos and names are not allowed on race cars or perimeter banners. This requires imaginative counteractions, such as "West"- cigarette brand on Formula 1-cars that were switched to "East", and association for most in the audience was obvious.

Problems can also be created by the sheer connection with other sponsors of a certain event. Namely, there is also at least some level of mental togetherness between the sponsors in consumers' mind. It should be carefully considered with which kind of firms you want to be associated with. For example, Nokia has sometimes received last minute offers for major international events that had alcohol and low quality automobile producers as main sponsors (Yli-Saunamäki 1996). A relationship with companies of totally different level of prestige can seriously damage one's image. The impact is even stronger than that of media environment when considering advertising.

The problem of cluttering was discussed in the section tackling problems with sports sponsorships. Some sort of cluttering, however, exist in all branches of sponsoring. Not only the cluttering of advertising messages makes it more complicated to choose between events, but also saturation in people's minds. Therefore a constant pursuit after differentiated sponsorship packages is vital for a dynamic sponsor. Especially corporate guests taking part in hospitality services have seen almost everything, so that it is almost impossible to make a difference between them. Hence, in many cases a smaller scope is suggested, and at the same time more in-depth total package for corporate guests.

There are always some unwanted events likely to have a negative effect on sponsorship activities. When they take place on international scope, they are even more impossible to anticipate. An example is provided by McIntyre (1994: 10) from international Iditarod sled dog race, where pressures from



animal rights activists drove Timberland Co. away after a dog had died during the race. Similar pressures against horse races have been recorded, and naturally the most common target of nature activists' actions have been car races. The sponsor company has to decide on counteractions, or when necessary, canceling the whole project.

## **2.6 AMBUSH MARKETING**

Ambush marketing (or hijacking) is one of the latest phenomena in the field of international sponsorship. The following definition for ambush marketing is introduced by Tuori (1995: 42): *Ambush marketers are companies, who try to use an event or other activity in order to gain awareness as sponsor and other benefits without official sponsorship.* Ambush marketers are often competitors, who deny payments from the activity owner along with reducing the effectiveness of the promotional efforts by the official sponsor. A good example is presented by Fuji's blimp flying around stadiums during the Olympic Games, which were officially sponsored by Kodak. This kind of competitive behavior is raising moral questions and forcing official sponsor companies to watch their activities more closely. In the following sections methods of ambush marketing as well as anti-ambushing are presented, based on Meenaghan (1994).

### **2.6.1 Methods of Ambush Marketing**

#### *1. Sponsoring the broadcast of the event.*

Media audience for most events is many times greater than on-site audience. Therefore, sponsoring the broadcast instead of the event provides the ambusher good opportunity to gain public attention around the event for far less expenditure. This strategy is often used with huge, international events, which are expensive to sponsor - usually only the

license to use the name of the event costs dozens of millions of dollars per year. For example, numerous companies get the association with the Olympic Games and World Cup Soccer by using the above method.

*2. Sponsoring subcategories within the event and aggressive exploiting of this investment.*

Ambushers gain better cost effectiveness by sponsoring for example a national ice hockey team playing in the World Cup instead of sponsoring the World Cup itself. This enables more funds to be used in the exploitation of the association with the event. A clear shortcoming for this strategy's use in global scale is the sheer number of the participant countries which usually makes market-by-market ambushing strategy impossible to implement with truly international events; for example, in 1992 Summer Olympics there were representatives from 180 countries.

*3. Buying advertising time around relays of the competitor's event.*

The full benefits of event or broadcast sponsorship can be deprived by a competitor engaging in ambush marketing by purchasing advertising time around television broadcasts of the event. This strategy was notably used by Ericsson, which was advertising on the NBC Superchannel during the commercial breaks of the Tonight Show, which was sponsored by Nokia. This method is becoming scarce, since broadcasters often offer first option to the official sponsor or refuse to allow ambush advertising in time slots around the broadcast activity.

*4. Engage in major non-sponsorship promotions to coincide with the event.*

In this strategy (which is ambushing in its broadest sense) other mainstream media of marketing communications than sponsorship are used to gain consumer awareness around the time of the event, thus for example heavy advertising campaign is launched during the event.

*5. Other ambushing strategies.*



Only the imagination is limiting the competitor. Extremely creative and inventive methods used include the following: souvenirs or free trips to the event can be given to suggest a sponsorship involvement. Stadium photographs, footballs, hockey sticks and such can be used as background in advertising that takes place at the same time with the event. If the contract with a sport uniform manufacturer requires wearing at the opening and medal ceremonies, then uniform of a competitor can be worn during the games itself. The collection of examples is exhaustive and more methods are invented by competitive companies seeking for profitable opportunities.

### **2.6.2 Counter-Ambushing strategies**

#### *1. Pressurizing event owners to protect their events.*

Some event owners, for example International Olympic Committee (IOC) have started countering ambushers by protecting their event as a result of sponsor pressure. Potential ambushing opportunities are denied by controlling images (photographs and television) and officially licensed souvenirs. In addition, first option to official sponsors on other promotional opportunities is introduced. Cooperation with the sponsor and event owner is needed, as many examples illustrate: to counter the ambushing competitor, IOC and the official sponsors have threatened the ambusher with a public embarrassment, which has usually worked. But also this can be made useless by innovative ambushers. For example, Nike opened their own lounge in the side of the Olympic Village in Atlanta Summer Olympic Games 1996. Competing firm Reebok was an official sponsor of the games, but the visitors got the impression of Nike being an olympic sponsor, too. The Nike lounge was full of Olympic Games- related objects, and the lounge seemed to be a part of the Olympic Village.

#### *2. Linking event and broadcast sponsorship.*

Since the broadcast of the event is the most luring opportunity for ambushers, many major event organizers provide packages of event and broadcast sponsorship. Additionally even television advertising time around the broadcast of the event is offered. For example, soccer European Champions League is implementing the above method, and Olympic Games are starting to conduct the same actions. Similarly, PepsiCo reportedly made a contract with European Music Television: Pepsi is sponsoring the channel, and the contract forbids the channel showing advertisements of the Coca Cola Company (Palomäki, 1996)

### *3. Anticipating potential competitive promotions.*

Many major events are sponsored by several companies. A sponsor has to find out its rights concerning the event, and furthermore, the rights of the other sponsors. This is crucial especially when sponsors are from the same competitive sector, not merely competitors for publicity in general. Contingency plans for possible ambush marketing activities must be formed by the event owner and visible avenues for competitive promotions need to be blocked when economically sound.

### *4. Exploiting the secured sponsorship rights.*

Occasionally sponsors do not take the total advantage from the sponsorship, but instead leave the opportunity for potential ambushers to exploitation. Substantial funds need to be invested in order to promote the sponsor's association with the event. This investment includes the required activities of other marketing communications media, the investment which often is one to three times the value of sponsorship contract itself.

### *5. Resorting to legal action.*

Resorting to legal action either against the ambusher or the event owner is the ultimate way to resolve ambushing problems. The legislation provides certain level of security, when ambushing has violated trademarks and



copyrights associated with the event, at least in most of the developed countries. For example, when the logo of World Cup Soccer is unjustifiably used by ambushing competitor companies, legal actions against them can be pursued by the official sponsors and the event owner. Still, unregistrable names and words, such as "World Cup" or "The Games" are left without legal protection.

In Finland ambush marketing as a method of competitive marketing action is very rarely used. More often than not "ambushing" situations take place without the ambusher even knowing that his actions fulfill the definition of ambush marketing. The concept itself is extremely little known in Finland by marketers and media people as well. Since it has been seldom used, the media is not prepared for its possible usage. For example, both Finnish commercial TV- channels, MTV3 and Nelonen, have no policy of countering possible ambush marketers. Therefore, anticipation and preventive actions are needed by the sponsor companies themselves. If - or when - ambush marketing starts to flourish in more an more competitive Finnish market, a lot is going to be demanded from all the local media.

### **3. METHODOLOGY**

In this Master's thesis a single large scale sponsorship campaign is studied in descriptive manner. This was the initial setting for the whole study which was started by some preliminary explorations by author in cooperation with the event organizer. A case study was chosen for practical reasons, since that was seen most beneficial and relevant by different parties of this project. Also, resources of the author and the assisting research agency effected the choice of the method and the conduction of the study.

### **3.1 CASE STUDY**

The case company for this study - Oy LM Ericsson Ab (referred to as Ericsson from this point on) - was chosen according to the initial goal setting for the study. Naturally, also practical aspects were accompanied in the selection process. As mentioned in the first chapter, an international level event was needed to provide a basis to start working with, since small local projects would not have been economically large enough (hence lowering the relevance in managerial aspects). Large scale projects are very few in number in Finland, where the event had to be located for practical reasons. Usually events of this scale are sponsored by big multinational companies.

Ericsson was the company sponsoring the main Finnish track and field event in 1997, namely Ericsson Grand Prix. The sponsorship process was already started by Ericsson and the event organizers, when the need for a study arised. Preliminary plans and suggestions for the study were conducted in association with the Secretary General of the Ericsson GP, Mr. Jukka Kunnas and Marketing Manager of Ericsson Mobile Phones Finland, Mr. Peter Åhman. The need for a study was recognized with the aforementioned people and their focus on managerial aspects was notified.

Ericsson was seen as a perfect fit for a study of this kind. Lots of events and people had been sponsored by Ericsson, but never had they been a title sponsor. Actually there had never been before an event of this scale with a title sponsor in Finland, thus putting Ericsson to a new position with its sponsorship. There was an amount of experience and expertise among the managers of this project on the both sides of the sponsorship. Mr. Kunnas had set a new standard for Finnish track and field events with his organizing of the Finland vs. Sweden competitions during the last couple of years. Furthermore, Mr. Åhman had been a part in a number of previous Ericsson sponsorships.



The empiria section of the thesis was decided to be a case study. The case of Ericsson GP was chosen for various partly coincidental factors, but one of the main reasons was its uniqueness in time. When the event takes place, it is shortly over; in this case the core event itself lasted only for two and a half hours. Additionally, it is more convenient to study a single event instead of for example sponsoring an ice hockey team. The effects are easier to measure and the focus is sharper because of the shorter time span. Also effects of other company actions and media noise can be avoided to some extent.

There might have been other ways to study sponsorship campaigns instead of an international company sponsoring a Finnish large scale event. As mentioned before, the scale of the event places its own requirements for managerial credibility and significance. Small scale events are more often than not organized by voluntary or semi-pro staff, more or less as a hobby. Furthermore, there were very few events in Finland, that would have had the significance needed for this study. Also some Finnish companies sponsored events abroad, but they were always conducted by local organizations (for example Nokia sponsoring college American football Sugar Bowl in New Orleans), but they were mostly studied by local market research agencies.

### ***3.2 METHOD OF STUDY***

As mentioned in the first chapter, the study is descriptive in nature and quantitative in style. In a descriptive study the quality of observations is very important as a foundation for these descriptions. Validity and reliability along with ability to generalize on the results have to be evaluated when considering a descriptive study (Uusitalo 1991: 62). The empiria part of the thesis will study the effects of a sponsorship campaign in two ways: Firstly, a company and product image study is conducted by the author. Secondly,

an awareness study is conducted by Taloustutkimus Oy. Survey method will be used for both of these studies.

The study on the company image, product image and the perceptions of the communications will be carried out before and after the event. This study will be addressed to two target groups: Ericsson dealers and the public audience. The setup for the study should make comparisons between these target groups possible. As implied by the title of the thesis, the main purpose of this study is to analyze the effects of the sponsorship campaign, thus the situations before and after the event shall be compared against each other.

The awareness study is being put into effect by an outside research company, namely Taloustutkimus Oy. The company is being regarded as one of the top research agencies in Finland, as they possess a long time experience in similar types of study. The data for the survey is collected among those who follow track and field events and have heard about Ericsson Grand Prix. The target audience is limited to urban people, i.e. those living in the Capital area, Tampere and Turku, and the interviews are to be done over the phone.

There are a few reasons for the decision to use quantitative method in this kind of study. Firstly, the results of surveys conducted with time intervals between them can be more practically compared. Actually, the practice of comparing the situations between actions in itself is the nucleus of a quantitative study as seen by Alasuutari (1994:115). In a quantitative study the reality is examined with a system of variables. Therefore, standardization and explaining the differences are the main methodological means in this kind of quantitative study. (ibid.)

Secondly, quantified measures in general are easier to comprehend. Quantitative studies are also easier to conduct over a short period of time,



which is a prerequisite when considering the measurement of the effects of a sponsorship campaign (generally the effect of a single sponsored event is shorter in time than for example strong advertising campaign). Naturally the fairly limited scope and resources used to this study have to be taken into account when the depth of the study is evaluated.

It is seen necessary, as always in quantitative studies (Alasuutari 1994: 115), that many generalizations and presumptions are made. For example, in this particular study the image study part would need a deeper explanation to the respondents, since the whole setting is based on predetermined words, that picture the perceptions of the respondents. Thus a major role is played by semantics, but in this case the evaluation of meanings of certain words is left to the respondents themselves. Of course the selection of descriptive words was planned so that the words would have clear meanings to everybody, although not always the same for every people. All in all, practical matters play a major role when the nature of the study on the effects of sponsorship is decided.

Deeper understanding and basis for analysis could be provided by a qualitative study. Especially when the topics of the surveys are related to company and brand images, qualitative measuring could be more suitable. Image-related questions are very abstract and subjective, hence making the establishment of validity and reliability with quantitative measures extremely hard. But as mentioned before, limited time scope of the study hindered the use of extensive in-depth single- or group interviews. Furthermore, the analysis phase of a qualitative study places enormous demands on the conductor of the study, hence practically making it impossible to complete it without an outside professional. Since the managerial aspects for this study took priority, the study had to be large enough on scale, and that as a matter of fact limited the depth of the study somewhat.

## **4. EMPIRIA**

Before the data for the empiria part is collected, a basic understanding of the company, its organization and policies is needed. Also the background for Ericsson's participation to a sponsorship like this needs to be cleared. It is also necessary to examine the event itself and its goals in order to establish the fit between these two parties and to evaluate the results of the study.

### **4.1 THE COMPANY**

Ericsson is a world-leading supplier of equipment for telecommunications systems and related terminals. The company produces advanced systems and products for wired and mobile telecommunications in both public and private networks, for delivery to customers in more than 130 countries. Ericsson had 93,000 employees at year-end 1996. Net sales amounted to sek 124,266 million and order bookings to sek 138,048 million in 1996. Ericsson has operations in virtually the entire telecommunications field. The company is divided into three business areas (<http://www.ericsson.se>, 1998):

#### **Mobile Systems**

Mobile Systems branch consists of cellular systems, mobile voice and data communication systems, as well as personal pager systems.

#### **Infocom Systems**



Infocom Systems provides multimedia communications solutions for transmission of voice, data and images to network operators, service providers and enterprises.

## **Mobile Phones and Terminals**

Perhaps the most known branch for its visibility, Mobile Phones and Terminals provide mobile telephones and terminals as well as other end-user equipment for telecommunications systems.

The business areas share a common core technology and strategy. To a great extent, they cooperate closely with one another and provide each other with products and services.

### **4.1.1 Ericsson - introduction of an international company**

With its strong international presence, Ericsson has a knowledge of market conditions in most parts of the world. Based on this knowledge and on the company's high expertise, Ericsson is developing telecommunications solutions for customers in various environments. In 1996, a large strategy study was completed. Entitled "2005 - entering the 21st Century," it constitutes the basis for Ericsson's future strategy:

*"Ericsson's mission is to understand our customers' opportunities and needs and to provide communications solutions better than any competitor. In doing this, Ericsson can offer its shareholders a competitive return on their investments."* (<http://www.ericsson.se>, 1998)

The firm's history goes back to 1876, when Lars Magnus Ericsson opened a repair shop for telegraph equipment. He soon realized that there was a need for improvements in the telephones then available, and therefore began manufacturing them himself. In 1892, Ericsson launched its first major international product - a table-top device with a separate hand-held microphone. Since then, the company has been one of the world's leading manufacturers of advanced telephone equipment, with increasingly large percentage of sales outside Sweden.

#### **4.1.1.1 Research and development**

Ericsson has always invested heavily in technical development. In recent years, its R&D budget has exceeded 20 percent of sales. More than 18,000 Ericsson employees in 23 countries are active in research and development. In 1996, sek 22 billion was invested in securing Ericsson's future position as a technological leader in the telecommunications area. The pace of development within telecommunications is so high today, that Ericsson's product portfolio will be completely renewed within two years.

The company's research is focused on products and systems that are a part of Ericsson's core business. Ericsson's strategy in a number of important areas is to form joint ventures with other leading companies. In the field of special components, which are of strategic importance to the firm, Ericsson works in a far-reaching cooperative venture with Texas Instruments. This cooperation gives Ericsson access to the most modern microelectronics technology.

Comparable joint venture programs are being conducted with Hewlett Packard with respect to the development of operating support systems. Ascom, Bang & Olufsen, Marconi, Microsoft, Novell, Intel and IBM are



examples of companies with which Ericsson is cooperating in specific areas of technology.

#### **4.1.1.2 Products**

Ericsson's production capabilities are spread throughout the world, with the emphasis on Sweden and Europe. Its range of products is broader than that offered by any other supplier of telecommunications equipment. The product portfolio contains the following products, among others:

##### **AXE®**

Digital exchange systems for wired and mobile networks

##### **ETNA**

Transport network products

##### **TMOS®**

Operating support systems for telecommunications networks

##### **Radio base stations**

Used in analog and digital mobile telephone systems

##### **Radio access**

Various solutions for wireless access to fixed telecom networks

##### **Mobile telephones**

##### **Mobitex®**

Systems and equipment for mobile data communications

##### **EDACS**

Digital system for private radio networks

**Consono®**

Digital systems for business communications, cordless or via wired business networks

**BusinessPhone®**

Small and medium-sized systems for business communications

**Eripax®**

Data network products

**Eripower®**

Power supplies for telecommunications equipment, computers and other applications

**MiniLink®**

Microwave links

**Giraffe®**

Mobile air defense radar systems

**EriEye®**

Airborne tracking radar

**Arthur®**

Artillery-location radar

® = registered Ericsson trade mark

**4.1.1.3 Markets**



As mentioned before, Ericsson has operations virtually all over the world. Five of Ericsson's ten largest markets are in Europe. Including Sweden, the European market accounts for 50 percent of Ericsson's net sales. In 1996, the EU countries accounts for 31 percent, of which Sweden's share was 10 percent.

Ericsson continued its expansion in North America during 1997. Sales of mobile phone systems and mobile telephones were predominant in the US, which is Ericsson's largest single market. Latin America is a strong growth market. In 1997, sales continued to be favorable in this traditionally large Ericsson market. Brazil is one of the firm's most important markets.

Asia and the Pacific Rim are strong growth markets for Ericsson. China is the company's second largest single market, with favorable growth in both fixed and mobile networks. Japan is also one of Ericsson's largest markets, mainly due to the success of digital mobile networks there. Ericsson's Major Local Companies are located in Australia, Brazil, China, Germany, Italy, Japan, Mexico, Netherland, Spain, UK and USA.

#### **4.1.1.4 Market share**

Ericsson installed 13.5 million new AXE lines in 1996. AXE is the world's single best-selling telephone system, with a total of 118 million lines installed or on order in 117 countries. AXE has captured about 15 percent of the world market share for digital telephone stations.

Ericsson's cellular systems serve 54 million subscribers in 92 countries. The Company is the continued leader in this area, with 40 percent of the world market for analog systems and an even higher share for digital systems. The market share for Ericsson's mobile telephones has strengthened

significantly. The company is a leader in the technical development of digital pocket phones, for which it has about 25 percent of the world market.

The Consono MD110 business system has been installed with a total of 11 million lines. During 1996, 1.5 million lines were ordered, which means that Ericsson is maintaining its market position for business systems with more than 100 lines. The microwave links in the Ericsson MiniLink family are the world's leading system for microwave communication to, for example, radio base stations in mobile networks.

#### **4.1.2 Ericsson in Finland**

Finland is one of the most important countries for international Ericsson corporation, namely Oy LM Ericsson Ab is among the most valuable product development centers of the corporation and at same time one of the biggest software exporters in Finland. The most important areas of development are mobile phone systems, internet and signaling in the data transfer networks.

Over 1100 people (1997) are employed by Oy LM Ericsson Ab, half of which are associated with product development. Other companies conducting business under Ericsson are component distributor Ericsson Electronic Distribution AB and Viikinkikaapeli Oy. Different customers, which are tele operators, companies, private people and the authorities are being served by these companies in Finland, Estonia and Latvia. The solutions provided by Ericsson are these days formed by a package that tries to get into the customer's business and thus constituting the solutions for maintenance, training and technical support.



## **4.2 THE EVENT: ERICSSON GRAND PRIX**

Ericsson Grand Prix is an athletics meeting held at the Helsinki Olympic Stadium in June 18th 1997. The event itself starts at 7 PM and is scheduled to last for only 2½ hours. The event is expected to be unparalleled both in athletic and organizational quality in comparison with recent Finnish track and field games. The media attention is already notable, and it is likely to increase as the game time gets closer. All the arrangements and organization are developed in accordance to the experiences received from the last two Finland-Sweden meetings (Kunnas 1997). The level of service at the stadium is promised to be high and the athletic quality is being compared to DN-Galan, which is annually held Grand Prix meeting in Stockholm.

### **4.2.1 Traditional meeting: World Games**

Ericsson Grand Prix is literally being built on the ruins of Helsinki World Games, which were traditionally held in June at the Olympic Stadium. World Games were organized by sports club Helsingin Kisa-Veikot. Mainly voluntary and semi-professional staff were used to organize the games, and the organization was crippled by certain lack of effectiveness. This is by no means to imply that the voluntary staff was ineffective, rather that the lack of clear strategy made it impossible to be effective, particularly when measured on financial terms.

World Games had constantly been plummeting with its competitive status, both athletically and financially. Attendance had dropped steadily, and the quality of participating athletes had followed suit. By the year 1996 the bottom was reached: attendance was only about 4000 people (official number of people was said to be around 7000, but 4000 is more realistic estimate by a number of experts) on an exceptionally chilly summer evening at the Olympic Stadium.

The event itself received publicity for two reasons, one positive and one negative. The negative one was the phlegmatic atmosphere at the stadium, but also positive attention was drawn by Namibian sprinter Frankie Fredericks, who nearly broke the World record on 100 meter sprint. His winning time 9.87 was all-time second fastest in the World. Also triple-jumping World record holder Jonathan Edwards managed to get a very good result out of poor environment. Other than that, the games were flavored by mediocrity, although the level of competition was quite high on Finnish scale. Financially the meeting was catastrophic resulting serious debts to the organizers. In order to keep the games alive with the Grand Prix meeting status some strategic shifts had to be made.

#### **4.2.2 New form: Ericsson Grand Prix**

In the end of year 1996 a totally new organization for conducting the meeting was created. Helsingin Kisa-Veikot leased the arranging rights to a new company, Event Partnership Finland, which was established by a group of top sports marketing professionals in Finland. A new strategy for the meeting was created, and for the first time in Finnish athletics a *title sponsorship* was included. The strategy plan for the meeting matched the plan for Ericsson's strategy in Finland. Both parties had had problematical times in recent history, and something needed to be done. Furthermore, the Grand Prix meeting was developed to appeal quite new audiences, and these audiences were similar to Ericsson's needs. Especially young, urban people were targeted along with the need to introduce athletics to more women. In other words, both parties needed a boost in their image and sales figures. (ibid.)

The quality of participating athletes in Ericsson GP is peerless in Finnish perspective. Similar level of competition was last seen in the Athletics World



Championship Games held in Helsinki in 1983. The budget for athletes is now estimated FIM 3-4 million out of total budget of FIM 7-8 million (ibid.). Negotiations for new participants are conducted by Mr. Jukka Härkönen, who is responsible for athlete recruitment. Mr. Härkönen works as a personal manager for Frankie Fredericks, Marie-Jose Perec and some other top athletes. By April 1997, at least the following international top class athletes had confirmed their participation: Sergey Bubka, Carl Lewis, Frankie Fredericks, Rodion Gataullin, Verbjörn Rodal and Jan Zelezny. Negotiations with Wilson Kipketer are under way and also other prospects are being considered. Additionally, top Finnish athletes performing at the Olympic Stadium include at least Heli Rantanen, Mika Halvari and Seppo Rätty.

Thus, according to the facts above, the core product itself can be considered to be in order. Similarly, the core product at the World Games used to be in order, but it was left alone without any additional products or services, and the marketing was nearly non-existent. In Ericsson GP, the main focus is naturally aimed to the athletic competition itself, but additional value for the event is created with numerous details. For example, the pace of the meeting is streamlined, so that the competition should last only 2½ hours. There is at least one sport taking place all the time through the evening, but mostly more and at some occasions even up to five sports. Furthermore, the locations of the athlete performances are altered. Now the javelin is thrown from South to North in order to avoid the nagging wind against the competitors. At the same time the pole vault location is moved from West-East- direction to South-North direction in accordance with the request of Mr. Bubka.

The Northern part of the Olympic Stadium will be closed, hence lowering the cost of using the premises and also enabling the more intense atmosphere at the games. Moreover, Sony Jumbotron color videoscreen of 40 square meters will be installed in the Northern stands, thus enhancing the visual capacity of the stadium (the older, smaller, black-and yellow-

screen is left along the Jumbotron) with slow motion repeats and animated videos. The Ericsson GP mascot , performed by the aerobics World champion Tuuli Matinsalo, is going to amuse the audience and boost the atmosphere. Color monitors are installed at the VIP-lounges and company box seat areas.

The traditional bleachers of the stadium have been described as rather harsh, and therefore a special section with more comfortable and softer seats, called Grand Prix-seats, is going to be created. At the company box seats and GP-seats food and beverages are served to the tables in the stands. Also, as in the recent Finland-Sweden meetings, an event market square is put up at the Southern parking lot of the stadium by HK Ruokatalo. The market square is equipped with various restaurants and stands, along with souvenir shops and a betting agency outlet by Veikkaus.

The services at the Olympic Stadium are accompanied by additional events and happenings. Mainly for business purposes, a dinner buffet party at the hotel Hesperia takes place right before the GP competition. There is also a possibility for companies to reserve a room for a business meeting at the hotel. After the games there is a GP gala at the Hartwall Arena, where the awards are presented and live music is played by various performers. The transportation between different locations is arranged by the organizers. The total Ericsson GP event will come to an end with the night party at the Hesperia Night Club.

#### **4.2.3 Future strategies**

The strategy for future Grand Prix meetings in Helsinki is already planned. In two or three years the meeting should be athletically competitive with such meetings as Paris, Zurich, Berlin, London etc., in other words in the top international athletics meeting category. In order to receive that status,



the athlete budget must be enhanced considerably. The future is to some extent dictated by this year's games, which are already financially sound by themselves. Namely, the sponsors and partners are already guaranteeing the financial stability, as often is the case with today's events. The possibility of success is finally determined by the number of audience at the stadium, and partially by the media attention. Naturally these things intertwine with the level of athletes participating. Only top World class performances are appreciated by the audience and the media in today's rather saturated world of sports.

If the Ericsson GP fails in establishing itself as a high athletic level international meeting, its future is going to be in jeopardy. For the time the organizers of the Ericsson GP are not relying heavily on international visibility, which is also the case with the title sponsor Ericsson, who primarily wants visibility in Finland. The meeting is however broadcast internationally by YLE, which distributes it to at least Eurosport and a pair of Nordic and Russian channels.

#### **4.3 IMAGE STUDY**

The image study was conducted by the author as a survey study over the telephone. The main goal was to find out people's perceptions of Ericsson as a company, of its products and its communications (defined as everything a person had heard or seen by Ericsson for this research), and then compare the perceptions before and after Ericsson Grand Prix took place. This goal setting was formed according to discussions with Mr. Åhman and Kunnas. Initially, a customer satisfaction study was considered, but it then became apparent that with a sponsorship project of this kind an image study would be more useful.

Two target groups for the study were established: the great audience and Ericsson dealers. Respondents were randomly picked from lists (the great audience respondent from phone directories), except for Ericsson dealers interviewed after the event - those were all present at the event. Same picking of event followers among the great audience was apparently impossible due to resource restrictions. That is why comparisons between dealers and great audience after the event are somewhat artificial. These comparisons can be justified with the fact that the impact of events to the great audience is rather mellow, yet to the dealers quite positive. In fact, only 9 per cent of the great audience respondents followed Ericsson GP. After all, if nothing else, the comparison between dealers and audience shows the strong impact of hospitality services at the event along with good brand recognition.

First round of interviews was conducted two weeks before the event, when Ericsson GP- related promotions had not yet started. The second round was conducted a week after the event, since the Midsummer was right after the event date and practically nobody could be reached at that time. The number of respondents was 75 per target group on each round, except for Ericsson dealers interviewed after the event. They were mostly on vacation, hence as many as possible, 53, were interviewed. In that particular case the reliability of study dropped somewhat, but conclusions can still be drawn. All in all, the scarce resources hindered the raising of the number of respondents, and that is why for example study according to demographical subgroups could not be made (the reliability would have been nonexistent in subgroups of likely size of 10 people).

In the survey a questionnaire based on Likert- scale was implemented. Scale used was from 1 to 5, so that 1 equaled best and 5 worst. As a matter of fact the scale formed a continuum between a pair of definitions, which were used to describe the qualities of the company, its product and communications. The definitive adjectives were systematically arranged so



that the "positive" word was first and the "negative" second, except for company image definition *technique-oriented* - *humane* and communications definitions *personal* - *general*, which cannot be judged as such being positive or negative. Response classes were clustered as follows in order to simplify the results to more manageable form:

1-2: good (1)

3: neutral (3)

4-5: bad (5)

*(bolded number in parentheses implies to the tag used in the following tables)*

In table 3 target groups on each interview round are being compared against each other. Dealers1- paragraph implies to Ericsson dealers interviewed before the event and Dealers2 after the event. The same applies to paragraphs Audience1 and Audience2, in which the large audience is interviewed before and after the event. Differences that are statistically significant are marked as follows: Dealers2 results that differ from Dealers1 are shown in **bold**. Audience1 in comparison with Dealers1 is also shown in **bold**. When comparing Audience2 with Audience1 and Dealers2, differences are implied in **bolding** and underlining, respectively.

Some results from the image study were expected beforehand. For example, as the facts of goal setting were known, some differences between target groups were to be expected. Namely, all the dealers answering to the questions had been to the event itself. Most of them had taken part to the hospitality services which included a buffet dinner with drinks and small gifts to the guests. The hospitality services were arranged in Ericsson's private premises right on the side of the Olympic Stadium and the seats reserved for the guests were of high quality. The premises were clearly branded as Ericsson's and the brand was visible to everybody.

**Table 3**

**Image Study: Percentages**

	Dealers1			Dealers2			Audience1			Audience2		
<b>1. general perceptions</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>
company	90	6	4	100	0	0	61	39	0	<u>44</u>	<u>52</u>	4
products	90	7	3	100	0	0	60	36	4	<u>73</u>	<u>26</u>	1
communications	68	23	9	79	19	2	40	53	7	<u>26</u>	<u>57</u>	<u>17</u>
<b>2. company image</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>
close-distant	48	22	30	81	6	13	33	34	33	<u>25</u>	<u>49</u>	<u>26</u>
familiar-unfamiliar	86	10	4	94	2	4	47	16	10	<u>44</u>	<u>25</u>	<u>32</u>
partner-competitor	83	12	6	100	0	0	21	44	34	<u>20</u>	<u>51</u>	<u>29</u>
friendly-hostile	88	6	6	100	0	0	67	29	4	<u>30</u>	<u>45</u>	<u>25</u>
domestic-foreign	17	17	65	15	30	55	16	19	66	<u>1</u>	25	<u>74</u>
modern-old	88	6	6	89	2	9	86	14	0	86	<u>15</u>	0
fashioned												
fast-slow	54	16	30	62	28	11	76	21	3	59	35	6
technique oriented-	45	35	20	43	34	23	63	29	9	<u>88</u>	<u>10</u>	<u>1</u>
humane												
developing-static	90	6	4	96	4	0	83	17	0	<u>70</u>	<u>26</u>	4
youthful-old	83	10	7	94	2	4	53	33	14	<u>58</u>	<u>33</u>	9
<b>3. product image</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>
high-low quality	96	3	1	98	2	0	84	13	3	<u>83</u>	<u>16</u>	1
functional-	88	7	4	96	4	0	71	26	3	<u>57</u>	<u>32</u>	<u>12</u>
dysfunctional												



easy to use-difficult	68	12	20	70	15	15	51	33	16	<u>38</u>	<u>45</u>	17
dependable-	93	7	0	100	0	0	73	23	4	<u>65</u>	<u>32</u>	3
susceptible												
diverse-one sided	90	9	1	100	0	0	66	30	4	<u>57</u>	<u>25</u>	<u>19</u>
modern-old	96	3	1	94	2	4	84	7	9	<u>84</u>	<u>15</u>	1
fashioned												
advancing-stagnant	88	9	3	96	0	4	86	14	0	<u>70</u>	<u>26</u>	4
reasonable-	28	23	49	34	34	32	29	43	29	<u>15</u>	36	<u>49</u>
expensive												

<b>4. perception of communications</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>
interesting-	77	19	4	87	9	4	53	34	13	<u>30</u>	<u>41</u>	<u>29</u>
uninteresting												
funny-boring	65	25	10	72	19	9	39	44	17	<u>25</u>	<u>52</u>	<u>23</u>
innovative-usual	61	25	15	75	13	13	36	44	20	<u>36</u>	<u>36</u>	<u>28</u>
diverse-one sided	68	23	9	70	23	6	56	31	13	<u>19</u>	<u>44</u>	<u>38</u>
good-bad timing	61	22	17	57	26	17	49	47	4	<u>35</u>	<u>58</u>	<u>7</u>
visible-invisible	94	3	3	98	2	0	71	19	10	<u>57</u>	<u>28</u>	<u>16</u>
distinct-bulk	75	16	9	94	6	0	49	31	20	<u>17</u>	<u>45</u>	<u>38</u>
personal-general	38	23	39	49	21	30	21	39	40	<u>20</u>	<u>55</u>	25

<b>5. separate questions</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>
noticed Ericsson communications	96	0	4				74	0	26			
Ericsson products in use							16	0	84	16	0	84
impact of events in general				89	11	0				<u>17</u>	<u>81</u>	1

Ericsson GP impact				83	13	6						
followed Ericsson										22	0	78
GP												
Ericsson as a				98	2	0						
partner												

## 1. General perceptions

General perceptions of Ericsson as a company, its products and communications were on a high level. All the components of general perceptions were especially highly thought of by the dealers, even so that Ericsson's product and corporate image were considered as good or very good by all the Dealers<sup>2</sup> respondents. Furthermore, the perception of Ericsson's communications rose to quite a high level, 79% thought it was good. Differences between the great audience and dealers were notable in all categories from the outset. On the second round of interviews the differences grew even more.

The most disturbing fact in the general perceptions section is that Ericsson's communications were found significantly worse after the sponsorship campaign by the great audience, not even that the answers had been more neutral but instead clearly more negative. This is also demonstrated by comparison of all the medians between Audience<sup>1</sup> and 2 interviewing rounds. Practically all the attributes have slid to negative direction. Despite the fact that not nearly all the figures are statistically significant, the results are poor and need further actions in the future.

## 2. Company image

As was known from previous Ericsson's image studies, Ericsson was seen as a rather old-fashioned, technique-oriented, foreign, engineer-driven



company. These were of course the main reasons why sponsorships of this kind are used in the first place in order to adjust the image to a direction or another. There were some major differences between target groups and interview rounds: the professionals - the dealers - knew Ericsson better and closer than the great audience on both rounds. At the same time their perceptions were generally more positive than great audience's.

Oddly enough, the great audience saw Ericsson as a rather hostile competitor instead of a cooperative partner. One explanation can naturally be found from Nokia's success story, which is considered as one of the Finnish national institutions. Therefore competing in the worst enemy's home turf can be very demanding. The responses to the question of partner versus competitor changed to most negative of all questions; the median dropped by dramatic 1,4. Furthermore, with this question the difference between Dealers2 and Audience2 grew to the largest: 1,9. Some illogical contradiction was created by Audience1 results, which imply that Ericsson is rather old, yet at the same time dynamic and modern.

All the answers by the dealers between rounds shifted to more positive direction. Conversely, many of the attributes dropped when asked from the great audience. After the event, Ericsson was considered as more hostile, slower, technique-oriented and stagnant than before the event. Differences between Dealers2 and Audience2 were statistically significant in all questions, except fast - slow, in which both target groups were almost equal in their answers. On the first round the firm was seen faster by the great audience than the dealers, and the answers by the dealers were more negative than to any other question. The reason for this may lie behind the fact that Ericsson had had some trouble delivering products in time to the retail sellers, which came up as a spontaneous comment on that particular question.

### **3. Product image**

The product image was extremely good throughout both interview rounds. Ericsson's products were found especially good by the dealers, as all Dealers2 respondents found them dependable and diverse. Only points of criticism arose with questions of easy versus difficult to use and reasonable versus expensive, which was noted by both target groups. Naturally, the expensive product image must be analyzed with a wider perspective and cannot be considered as negative as such, since that is in some cases a status to be reached.

No statistically significant differences within the medians were noticed between the interviewing rounds when the dealers were considered. The decline of positive answers after the event by the great audience was not nearly as substantial as in other sections. This is also implied by the results of comparing medians, where the smallest differences were shown in the product image section. The median comparison also suggest that the difference between the great audience and the dealers is far greater after the event than before the event.

### **4. Perception of communications**

Before asking from the respondents about their perceptions of Ericsson's communications, communications was determined as everything a person has heard or seen from Ericsson, which in most cases would be marketing communications. Ericsson's communications was perceived as rather neutral by both target groups on both interview rounds. Also medians got closer to the center point of the scale, 2,5, than in any other section. The visibility was extremely well regarded by both target groups before the event. There were extensive advertising campaigns at the time of the first interviews, and Ericsson's advertising and promotions were especially well notified by the dealers.



The scope of Ericsson's communications seemed to be fairly good, but then again, a major role is played by contents of the communications and the creative solutions. This seems to be the field where Ericsson could still reach a lot higher standards, since generally lowest scores were given to the questions concerning the substance of Ericsson's communications. This is indicated by both pro cent and median examinations. Ericsson Grand Prix had quite substantial effect on dealers' perceptions of the company's communications. Namely, most dramatic improvements took place in the questions dealing with the contents of Ericsson's communications, and obviously the communications associated with the Grand Prix were seen very positive.

As pointed out in the first paragraph, communications was considered rather neutral. After the event, the perceptions by the great audience were surprisingly clearly more negative. In no other section the decline of medians (actually increase when a scale of this kind is used) was so obvious. The difference between Audience2 and Dealers2 was a lot bigger than Audience1 and Dealers1, since the perceptions of the great audience took a step backwards and that of dealers' rose considerably. Furthermore, the decline in percentages of positive perceptions of Ericsson's communications among the great audience was by far the greatest of all sections. This is almost impossible to explain as such. There may lie some reasons behind the fact that Ericsson's advertising campaigns had ended before the interviews as well as that in Finland people's minds are turned into less receptive mode when the actual summer season (from the Midsummer on) starts.

## **5. Separate questions**

Ericsson's communications was noticed by practically all the dealers before the event, which is rather self explanatory. Also 74 pro cent of the great

audience had noticed company's communications, mostly advertising. The question was not asked after the event, because all the dealers would have been exposed to Ericsson's communications extensively. In addition, the question of Ericsson products in use was not seen necessary for the dealers, instead on both rounds 16 pro cent of the great audience respondents had Ericsson products (to their recall) in use.

The impact of events to a company's image in general was also asked. The impact was considered very positive by the dealers, but the great audience found it surprisingly neutral. In addition, there is a notable difference in medians with this particular question between Dealers2 and Audience2, namely 1,8 and 2,8, respectively. Then, the general perception of the dealers was compared to the impact of Ericsson GP, and no significant difference was found. The impact of Ericsson GP was not asked from the great audience, because only 22 pro cent of respondents had been following it. However, Ericsson Grand Prix was practically seen as good as events of this kind in general by the dealers. Finally, an opinion of Ericsson as a partner was asked from the dealers after the event, and the results were excellent: 98 pro cent of the dealers thought that Ericsson is good or very good as a partner. Also, exceptionally good median, 1,4, verifies the same fact.

**Table 4**  
**Image Study: Medians**

**1. general perceptions**

	d1	d2	d1-d2	a1	a2	a1-a2	d1-a1	d2-a2
company	2,0	1,7	0,3	2,3	2,5	-0,2	-0,3	<u><b>-0,8</b></u>
products	1,8	1,5	0,3	2,3	2,1	0,2	<u><b>-0,5</b></u>	<u><b>-0,6</b></u>
communications	2,3	1,9	0,4	2,6	2,9	-0,3	-0,3	<u><b>-1,1</b></u>



## 2. company image

close-distant	2,8	2,2	<u>0,6</u>	3,0	3,0	0,0	-0,2	<u>-0,8</u>
familiar-unfamiliar	1,7	1,5	0,2	2,1	2,9	<u>-0,8</u>	<u>-0,5</u>	<u>-1,4</u>
partner-competitor	1,8	1,3	<u>0,5</u>	3,2	3,2	0,0	<u>-1,4</u>	<u>-1,9</u>
friendly-hostile	1,7	1,4	0,3	2,2	2,9	<u>-0,8</u>	-0,4	<u>-1,5</u>
domestic-foreign	3,8	3,7	0,2	3,7	4,1	-0,4	0,1	<u>-0,5</u>
modern-old fashioned	1,7	1,7	0,1	1,8	1,9	-0,1	-0,1	-0,2
fast-slow	2,7	2,3	0,3	2,1	2,2	-0,2	<u>0,6</u>	0,1
technique oriented-	2,6	2,7	-0,1	2,3	1,8	0,4	0,3	<u>0,9</u>
humane								
developing-static	1,6	1,6	0,1	1,9	2,1	-0,2	-0,3	<u>-0,5</u>
youthful-old	1,9	1,7	0,2	2,5	2,4	0,1	<u>-0,5</u>	<u>-0,7</u>

## 3. product image

high-low quality	1,4	1,3	0,2	1,9	1,9	0,0	-0,4	<u>-0,6</u>
functional-dysfunctional	1,8	1,7	0,1	2,1	2,3	-0,2	-0,3	<u>-0,6</u>
easy to use-difficult	2,3	2,1	0,2	2,5	2,8	-0,3	-0,2	<u>-0,6</u>
dependable-suspicious	1,6	1,6	0,0	2,0	2,1	-0,2	-0,4	<u>-0,5</u>
diverse-one sided	1,8	1,6	0,2	2,2	2,4	-0,2	-0,4	<u>-0,8</u>
modern-old fashioned	1,5	1,5	0,0	2,0	1,8	0,2	<u>-0,5</u>	-0,3
advancing-stagnant	1,8	1,9	-0,1	1,9	2,1	-0,2	-0,2	-0,2
reasonable-expensive	3,2	2,9	0,3	3,0	3,4	<u>-0,5</u>	0,2	<u>-0,5</u>

## 4. perception of communications

interesting-uninteresting	2,0	2,0	0,0	2,5	3,0	-0,4	<u>-0,5</u>	<u>-1,0</u>
funny-boring	2,2	2,1	0,1	2,7	3,0	-0,3	<u>-0,5</u>	<u>-0,9</u>
innovative-usual	2,3	2,2	0,1	2,8	2,9	-0,1	<u>-0,5</u>	<u>-0,7</u>
diverse-one sided	2,1	2,3	-0,2	2,4	3,3	<u>-0,9</u>	-0,3	<u>-1,0</u>

good-bad timing	2,4	2,5	0,0	2,4	2,7	-0,3	0,1	-0,2
visible-invisible	1,5	1,3	0,2	2,2	2,5	-0,3	<u>-0,6</u>	<u>-1,2</u>
distinct-bulk	2,1	1,7	0,3	2,5	3,2	<u>-0,7</u>	<u>-0,5</u>	<u>-1,5</u>
personal-general	3,0	2,9	0,1	3,3	3,0	0,2	-0,2	-0,1

##### 5. separate questions

impact of events in general		1,8			2,8			<u>-1,0</u>
impact of Ericsson GP		1,7						
Ericsson as a partner		1,4						

**Table 5**

##### **Image Study: Communications Awareness**

	dealers	audience	d1-a1
noticed Ericsson communications	96	74	21

tv	95	85	11
radio	21	29	-8
a newspaper	98	81	18
a magazine	71	38	33
other print	68	33	35
internet	24	12	13



other, for example	76	33	43
outdoor ads			

Awareness of Ericsson's communications was asked only on the interview round before Ericsson Grand Prix. There were notable differences between the dealers and the great audience, partly originating from higher total awareness of the dealers. Ericsson's communications were noticed by 96 pro cent of the dealers compared to 74 pro cent of the audience. This is rather self-explanatory, since dealers are exposed to the communications of a company like Ericsson on almost daily basis. The awareness by media was in unison with the total awareness figures, although printed communications (newspapers, magazines, professional magazines etc.) was clearly better noticed by the dealers than the great audience.

As usual, the awareness of Ericsson's communications by the great audience was dominated by television. As one would assume, there was an extensive television advertising campaign running at the time. When comparing the dealers and the great audience, there was only one media which was better noticed by the audience, namely radio. There were some dealers' own Ericsson radio ads and Ericsson Grand Prix advertising right before the time of the interviews, and those were noticed by 29 and 21 pro cent of the audience and dealers, respectively. A surprisingly large number of dealers, 24 pro cent, claimed to have noticed Ericsson's communications on the internet. Furthermore, the number of great audience noticing company's internet communications was also quite high, 12 pro cent, despite the fact that it is exactly half the figure that of the dealers'.

#### **4.4 AWARENESS STUDY**

The awareness study was conducted by an outside research agency, Taloustutkimus Oy. The main purpose of the study was to find out if the target group (those who follow track and field) had heard about an Athletics Grand Prix event in Helsinki, what sponsors did the event have and in which media were the sponsors noticed. Additionally, the target group was asked if they followed the event and which brands' advertising had they noticed accompanied with the event. As mentioned in the Methodology chapter, the interviews were made on the telephone in the Capital area, Tampere and Turku, which were the main geographical target areas. 406 interviews were made, the first round on June 23th 1997 and the second on July 1st 1997.

**Table 6**

**Has heard about an Athletics Grand Prix event in Helsinki on June 18<sup>th</sup>**

	spontaneous		prompted		total	
	study		study		study	
n(follows athletics)	I	II	I	II	I	II
	483	420	483	420	483	420
	%	%	%	%	%	%
Yes	66	89	18	8	84	97
No	33	11	15	3	16	3



Ericsson Grand Prix was known spontaneously by nine out of ten among those who follow track and field after the event (About 80 pro cent of the Finnish population claim to follow track and field sports). In this case spontaneous was helped with the name of the event. Spontaneous awareness was higher than average among men, those who possess a cellular phone, working class and white collar workers and those whose annual household earnings are 160.000-220.001 marks. The respondents who did not know the event spontaneously, were helped with names of such participants as Sergey Bubka, Frankie Fredericks and Jan Zelezny, and after that the event was known by practically all the respondents. There is a notable difference in spontaneous awareness between studies I and II, 66 pro cent and 89 pro cent, respectively. Thus the event itself can be considered successfully communicated to the target group.

**Table 7**

**What sponsors were known to be in cooperation with the Athletics Grand Prix in Helsinki**

n (knows Athl. total	spontaneous	prompted	
GP in Helsinki)	406	406	406
	%	%	%
Asics	0	11	12
Continental	-	11	11
Ericsson	5	43	48
HK	0	23	23

Iltalehti	0	44	44
Motorola	-	15	15
Nokia	4	40	44
Rannila	-	16	16
Valio	1	34	35
Veikkaus	0	37	38
Atria	0		0
Finnair	1		1
Hartwall	1		1
Koff	0		0
Neste	1		1
Teboil	0		0
Tele	1		2
Other	4		4
No recall/none	82	30	28

8 Brands were selected to be asked out of all of the Ericsson Grand Prix's sponsors: Ericsson, Asics, Iltalehti, HK, Continental, Rannila, Valio and Veikkaus. Ericsson as a sponsor was remembered by 5 pro cent of the respondents compared to Nokia's 4 pro cent. No sponsor could be mentioned by four out of five respondents. Ericsson was spontaneously most mentioned by 25-34 year-olds, Capital area residents and white collar workers. Also two decoy brands were asked, namely Nokia and Motorola. Nokia was thus most mentioned as a sponsor by over 55 year-olds, those with 100.001-160.000 mark annual household income and oddly, those who followed the event themselves. The last result is rather surprising, since Nokia was naturally neither present at the event, nor ambushed its national broadcasting. The only explanation for this was that the Finns were so used to Nokia being everywhere with a high profile. Some non-sponsors were also spontaneously mentioned, as well as some sponsors that were not included in the original list, for example Tele, which is also present in almost every event.



**Table 8****Total awareness of sponsors, comparison between studies I and II**

	<b>study I</b>	<b>study II</b>
n (knows Athl.	30.5.97	23.6.97
GP in Helsinki)	407	406
	%	%
Asics	12	12
Continental	15	11
Ericsson	46	48
HK	26	23
Ilta-lehti	45	44
Motorola	22	15
Nokia	48	45
Rannila	16	16
Valio	41	35
Veikkaus	44	38
Atria	-	0
Finnair	-	1
Hartwall	1	1
Koff	-	0
Neste	1	1
Postipankki/Posti	1	-
Teboil	-	0
Tele	1	2
Ilta=Sanomat	1	-
Other	6	4

All in all, sponsors were less remembered in study II than I, especially spontaneously. This is once again somewhat surprising. When asked for a reason for this, the analysts of Taloustutkimus Oy mentioned the closeness

of a major national holiday, namely Midsummer. People's minds are often set off to a less receptive mode due to this particular holiday, which usually starts the summer holiday season for people like this study's target group. However, Ericsson's total figures remained basically the same, while Nokia's figures dropped slightly. Decline in Motorola's total figures was more notable, from 22 pro cent to 15 pro cent. Hence no far reaching conclusions can be made based on the comparison between rounds I and II.

**Table 9**  
**Advertising recall, in which medium has seen or heard each brand's advertising**

	Asics	Continental	Ericsson	HK	Ilta-lehti
n (has seen brands adv.)	47	45	195	94	180
	%	%	%	%	%
Television	36	42	56	65	31
Radio	2	-	3	-	3
A newspaper	21	24	37	36	20



A magazine	2	2	8	7	2
Other paper	6	2	3	4	7
Competition/game	9	2	2	-	2
Outdoor	4	7	3	3	7
In-store	-	-	-	1	4
Stadium banners	2	7	4	4	2
Athletes' clothing	11	-	2	-	-
Elsewhere	2	4	5	2	2
Nowhere/N/A	17	22	9	13	27

Ericsson's advertising was seen on television by over half of the respondents, and also newspapers were mentioned by 37 per cent of the respondents. Newspaper as a medium where Ericsson's advertising was seen was mentioned more often than average by 45-54 year-olds and those with annual household income over 280.000 marks. It would have been more relevant to the sponsorship study to make a difference between Ericsson's communications linked to the sponsorship and other advertising, but this was practically impossible to establish, as was pointed out in the section concerning problems with measuring. The problem itself was noticed when the study was planned and discussed with the staffs of Taloustutkimus and Ericsson.

	Motorola	Nokia	Rannila	Valio	Veikkaus
n (has seen brand's adv.)	59	181	64	144	153
	%	%	%	%	%
Television	46	64	67	72	65
Radio	3	7	-	3	4
A newspaper	36	40	16	39	37
A magazine	8	10	3	13	8
Other paper	5	2	-	4	7

Competition/game	-	1	-	1	1
Outdoor	-	-	-	1	-
In-store	-	-	-	1	-
Stadium banners	-	4	3	3	1
Athletes' clothing	-	1	-	1	-
Elsewhere	2	3	2	2	5
Nowhere/N/A	25	11	14	9	13

**Table 10**

**How the event was followed**

n (followed the event)	231
	%
On site	5
Television	89
Magazine / Newspaper	5
Radio	2

Ericsson Grand Prix was followed by 231 out of 406 respondents, which equals 57 per cent. More than average the event was followed by over 55-year-olds and those retired, which were not the particular target group. This brings us to the topic of problems with demographics and psychographics. The target group is usually defined by psychographics and the effects studied by demographics. Hence there is not necessarily a discrepancy between a dynamic target group and rather old outcome. Anyhow, most of those respondents, who claimed to have followed the event watched it on television, which is very typical for events of this kind. Especially over 55-year-olds, those residing in Tampere and those retired followed it on television. Not surprisingly, on-site followers were mostly from the Capital area. Also entrepreneurs and those in managerial positions followed the



event more than average on site. Of course the share of the on-site followers is limited, but it should be boosted for future events with larger crowds in the stands, which was around 17.000 people this time.

**Table 11**

**Advertising recall in Ericsson Grand Prix**

n (followed Ericsson total Grand Prix)	spontaneous	prompted	
	%	%	%
Asics	3	7	10
Continental	2	12	13
Ericsson	14	26	40
HK	6	15	21
Iltaletti	7	29	35
Motorola	3	9	12
Nokia	16	17	33
Rannila	3	13	16
Valio	9	20	29
Veikkaus	6	25	31
Atria	0		0
Hartwall	0		0
Nike	2		2
Other	4		4
No recall/none	65	24	

When advertising recall in Ericsson Grand Prix was asked, Nokia was spontaneously mentioned by 16 pro cent of the respondents compared to Ericsson's 14 pro cent. Ericsson was more often than average mentioned by those possessing a cellular phone, which could imply to a higher level of

attention and interest in this kind of matters. When spontaneous answers were accompanied with prompted answers, Ericsson was best remembered, i.e. by 40 pro cent of the respondents compared to Nokia's 33 pro cent. Iltalehti was in between of Ericsson and Nokia, remembered by surprisingly large group of respondents, 35 pro cent. Some part of Iltalehti's good results is possibly played by the fact that it was the official newspaper of the event posting exclusive reports along the way to the day of the event. Then, after Nokia came Veikkaus and Valio. Of the fore mentioned Veikkaus is very closely associated with sports and as such a constant player in the events of this scale thus receiving attention from previous events.

**Table 12**

**Cellular phone possession**

Do you have a cellular phone in your possession?

n (respondents)	406
	%
Yes	49
No	51

A cellular phone was possessed by half of the respondents, and more often by men, 25-44-year-olds, entrepreneurs, those in managerial position, those with household income over 160.000 marks.

Do other members of your household have a cellular phone in their possession?

n (respondent does not have a cellular phone)	208
	%



Yes	20
No	80

203 of the total of 406 interviews were conducted in the Capital Area, 101 in Turku and 102 in Tampere. Thus a clear priority was put on the Capital Area, since the site of the event was the Olympic Stadium in Helsinki. The structure of the demographical attributes matches the population following track field sports, which almost exactly equals the attributes of the Finnish population in general.

**Table 13**  
**Respondent Demographics**

n=406	%
<b>Site of residence</b>	
Capital Area (Helsinki, Espoo, Vantaa tai Kauniainen	50
Turku	25
Tampere	25
<b>Sex</b>	
Female	35
Male	65
<b>Age</b>	
15-24 years	9
25-34 years	21
35-44 years	18
45-54 years	20
55+ years	32

### **Occupation**

Agricultural	-
Blue Collar	21
White Collar	33
Managerial	6
Entrepreneur	4
Student / Pupil	9
Retired	25
Other	1

### **Annual Household Income**

under 100.000 mk	21
100.001 - 160.000 mk	22
160.001 - 220.000 mk	20
220.001 - 280.000 mk	17
over 280.000 mk	13
No answer	7

### **4.5 THEORETICAL IMPLICATIONS**

As the results of a sponsorship campaign are extremely hard to measure, more dependable data for the whole branch is needed in order to alter the perception of sponsorship as pseudo-science. Hence, almost every Finnish academic study of sponsorship is a relevant contributor in order to establish a wider database to serve as a foundation for future research and also to back up well reasoned argumentation. Also the quality of a study can be evaluated in reference to previous studies, and this is one of the facts backing up the conduction of this particular study.



The perceived impossibility to evaluate the results of sponsorships adds to the need of proving overly generalized unscientific opinions wrong. Thus the study itself works as sheer evidence of making the assessment of sponsorship possible and valid. Tremendous demands are placed on the composition of the study so that reasonable variables are measured, since there are very few generally approved guidelines published by relevant authors. Bearing that in mind, the case studies in this thesis were constructed in association with all the sponsorship parties and researchers from rather practical standpoint. The setup for the study was proven successful by the results and further analysis with the interested parties.

As for Ericsson Grand Prix as the case sponsorship, rather good fit with the theoretical frameworks can be found. First, Ericsson's actions with the event sponsorship were done quite closely according to the framework "Sponsorship as a Medium of Marketing Communications" (Figure 1, page 16). The sponsorship itself acts as a uniting theme for all the other media of marketing communications. In this case, a considerable media publicity was received and thus the event itself was quite well known. In addition, Ericsson Grand Prix was followed by a large number of people through different means, mostly on television, hence establishing the natural proactive action towards an attractive event, which is of course the main reason for sponsoring events in the first place. Support activities were used by Ericsson in order to exploit the sponsorship effectively. There still remains plenty to do in this particular section of using the sponsorship efficiently for promotional and advertising purposes.

Target audiences for Ericsson Grand Prix sponsorship were defined according to Ericsson's marketing strategies. Matching target groups of the event organizer and Ericsson established a base on which to build the whole project. This was noticed by the marketing staff of Ericsson when the opportunity of sponsoring Finnish athletics Grand Prix event was presented initially. According to Figure 2 (Corporate Sponsorship Audiences, page 18)

a company can have a number of possible target audiences. As in Ericsson's case, the audiences presented are all possible, but often not very realistically reached. Thus it is not very effective to try to reach every audience, but instead some defined target groups with more focus. Efficient targeting to all the audiences would require vast amounts of resources and furthermore, events through which such an amount of people could be reached. Those events in a small, rather stable country like Finland are very rare.

In the case of Ericsson Grand Prix, the main target audiences were clear: the general public and the retail sellers, or dealers, as referred to in the preceding chapters. The event was followed by the general public through different media: on site, on TV or radio or in the printed media / internet. All of the possible audiences were naturally affected to some extent, but were not necessarily intentionally targeted. For example, free tickets were given to Ericsson employees, and obviously some goodwill towards local politicians and decision makers was created through sponsoring a large event in Finland, the home turf of a major competitor Nokia. At the same time, this type of dynamic action is bound to raise media's attention towards Ericsson in a positive manner creating opportunities to affect people's perception of the company. Furthermore, some cumulative long-term effects are created by taking part in generally interesting and well remembered sponsorship opportunities, thus enabling the constant effect on company's image.

Practically all comprehensively planned sponsorship projects proceed along the path suggested in the Figure 3 (The Sponsorship Process, page 22). Not necessarily all the phases are included in a single sponsorship project itself, but are often already decided by the company beforehand in order to make more effective decisions over possible sponsorships. Hence some phases remain as a basis for all the sponsorships conducted by the company. For example, the environment analysis was made by Ericsson at



the outset, which had implied that sponsorship might be a serviceable means of marketing. This accompanied with the general marketing objectives suggested that sponsorship could be used as a part of the company's marketing mix.

When the aforementioned phases are passed, the organizational resources on disposal for sponsorships are determined in the intra-company analysis. Very high demands can be placed to the organization in a large single sponsorship campaign hence creating a need for outside assistance. There are today some sponsorship agencies that offer full-scale services from strategic sponsorship planning to arranging an event itself. However, service suppliers of this kind are few in the field of Finnish sponsorship and event marketing.

Sponsorship objectives for Ericsson Grand Prix project were determined according to Ericsson's marketing objectives. Large scale marketing objectives are same for all the company's sponsorships, but the tactical implications for the sponsorships themselves vary in each case. For example, one of Ericsson's marketing objectives was to increase the spontaneous awareness of the company, which is the goal for all Ericsson's sponsorships. However, the target group of Ericsson Grand Prix sponsorship was different from for example Ericsson's sponsorship of rally world champion Tommi Mäkinen. The same of course applies to the execution of the sponsorship campaign.

The last three phases of the sponsorship process (sponsorship selection, implementation and analyzing results) were taken into action according to the previous objective setting phases as a logical continuum. These are the phases that demand most practical brute work instead of in-depth thinking processes. Furthermore, these phases are most commonly assisted by outside company workforce; the implementation is carried out by the event organizer and the result analyzing by a research agency. All in all, Ericsson

Grand Prix 1997 follows the pattern of the sponsorship process framework fairly well, despite the fact there was no framework intentionally implemented by Ericsson. The last three phases of the process are more closely examined in the following section.

#### **4.6 MANAGERIAL IMPLICATIONS**

People are today exposed to an enormous amount of commercial messages through sponsorships. These messages are often so many in number, that it is very difficult to establish a difference to other companies with sponsorship messages. Somehow the basic goals of visibility and awareness creation should be reached. Without awareness, which is the result of visibility, no image creation or shifting can be done. Generally, Ericsson has succeeded quite well in creating awareness with the sponsorship of Ericsson Grand Prix. Thus this is a prerequisite for additional targets. Succeeding with the substance of the message is finally a lot more challenging task.

There were some notable differences between the awareness and image studies. Naturally the studies were conducted with totally different resources and different aspects of impacts of a sponsorship were measured. The differences notwithstanding, the event itself and the goals were similarly oriented. Thus the challenge of exploiting Ericsson Grand Prix systematically is more closely looked into in the following paragraphs.

The results of the awareness study were encouraging. Ericsson Grand Prix was followed by the target group people, mostly on television, and Ericsson as a sponsor was noticed by quite many. Some surprising facts could be reasoned with logical arguments thus making the results nearly as expected. However, the results leave some things to be reached. The event itself was extensively covered in the media. Conversely, Ericsson as a first-



time title sponsor was not as visible in the media as it could have been as the sole title sponsor. Its own effect on the matter was placed by the fact that this was the first time a clear cut title sponsorship was used in major scale Finnish sports event.

The event title Ericsson Grand Prix was widely used only in event's own and Ericsson's promotional materials. The event was referred to as Ericsson GP by very few newspapers or magazines, and the name was seldom mentioned on television or radio. Even YLE's broadcast at the event was named Helsinki Grand Prix. Such conduct by media is commonplace in Finland, where commercialism is still seen somehow unethical in the "neutral" media, i.e. all the major national TV and radio channels as well as printed media.

Only the media accompanied with the event as partners except YLE, hence leaving *Ilta-lehti* and *Radio Energy* remaining, straightforwardly referred to the event as Ericsson Grand Prix. Similar attitude towards title sponsorships in Finland can be seen in case of *Hartwall Areena*, often referred to as *Helsinki Areena* or simply *Areena*. At the same time reports are broadcast by the Finnish media from for example *Molson Centre* in Montreal, Canada, not minding that *Molson* is the name of one of the biggest local breweries and a beverage brand name.

The task of getting the name Ericsson Grand Prix well known without the help from the media is virtually impossible. Huge investments in advertising of the event and other communications would be required, but these can be replaced to some extent by editorial coverage of the event that systematically uses the name Ericsson Grand Prix. Editorial coverage is bound to lessen the objection of the audience towards sponsor's messages. Purely commercial messages are seen as much more doubtful. Therefore, using the editorial coverage effectively should be taken as a strategic goal together with the event organizers. It is certainly going to demand a lot of

lobbying and attitude changing, but again, it is a prerequisite to make an impact to company's image through event title sponsorship. The task for public relations is made easier by the fact that Finnish media is fairly concentrated and easily reached.

The topic of getting Ericsson's name associated with the event is going to be crucial when trying to reach broader audiences. Namely, now the event itself is known by many, but associated with Ericsson by few. Thus those who follow the event by reading editorial coverage before and after the event never get to know the actual name of the event. Similarly, television viewers might wonder why Ericsson is so visible in this track and field event, but not comprehend the event as supplied by Ericsson. Accordingly, the message received from the Ericsson banners along the field at the event is bound to remain less sharp without the knowledge of Ericsson being the sole title sponsor of that particular event, it is merely seen as the most visible sponsor among others. Therefore, a plan for strong exploitation of the sponsorship in the future is needed. Of course some restrictions are placed by the financial factors, but otherwise options are nearly limitless.

There are plenty of external factors to be considered when evaluating the success of the Ericsson Grand Prix, which are also relevant when considering future sponsorship opportunities. Namely, plenty of distraction was caused by the timing of the event itself. There were many large scale events rather close to each other competing in people's minds. The most distracting event was Ice hockey World Championship games held in the spring. Many of the corporate and private audience were saturated for a long period of time by overwhelming flow of sponsorship messages in a sports event that lasted for weeks. Furthermore, extensive media publicity was received by the Helsinki Thunder car race, in which Ericsson was also visible.



The competitive scene of the events is even more fierce when big concerts are added. The target audiences of these events are to some extent overlapping. These people are presented with such an amount of commercial messages that it is no surprise that the messages remain blurred. Today's events are often so generic that it makes focusing on some target groups very difficult. Something for everybody is the motto for many event organizers, which stems from the inherent aspect of an event: huge number of people is needed to attend in order to make the event profitable. Thus many events have become like each other, only varying by its core service: the sport or music. This pattern could be broken by for example offering special additional services that are offered by no one else.

The situation cannot be rescued by the additional services if the core product is not up to the standards. In case of Ericsson Grand Prix, both of these can be said to be set at least for a good start. As mentioned before, the event needs a lot of PR work to be done, as well as better communication towards the potential consumers. Now occasional advertising in all of the traditional media was used. A unique event in time as Ericsson Grand Prix needs enthusiastic people on the stands to make the atmosphere excited. Countering this goal is the fact that financial soundness of events of this caliber is made sure by selling most of the tickets to corporate audiences. The perception of those watch the event on TV will also be affected by a mediocre atmosphere in the stadium. After all, everything depends on the total experience of the audience, be it on site or at home.

## **5. SUMMARY AND CONCLUSIONS**

Commercialization of sports is here to stay. Non-profit organizations of sporting events were overpowered by professional organizations a long time

ago. This development is most concretely witnessed in process of the Olympic Games turning from a mutual reunion for the youth of the World to one of the most thoroughly commercialized sporting events. The evolution was started by some companies that obtained rights to sell their products at the Olympic Games, and it was developed into a pool of huge sponsorships resulting in billions of dollars of revenue to IOC. Today sponsorship and sports marketing are multi-billion dollar businesses.

The growing interest towards sports derives from the changing lifestyle in modern Western World. Not all hours are spent working, but partly among leisure activities instead. Furthermore, top level sports are more popular than ever. The distribution of sporting events is made a lot simpler by new methods of communication, that make the distance between people in different countries shorter. Many sports are supported world wide by huge number of fans, soccer and Formula 1 racing as good examples. Same athletes are admired all over the world, which in part proves the effectiveness of sports to skip geographical and cultural borders. Also sport's possibilities to succeed in international context are enhanced by its independence of language and many cultural traditions.

The evolution of sponsorship is for a great extent a result of developments in the media and the traditional methods of marketing communication (advertising, promotions, public relations, personal selling). More and more events of different kinds are broadcast by growing number of television channels. The pace of this evolution is likely to increase with the emergence of digital television. Initially the growth of sponsorship opportunities was stimulated by increasing cost of advertising. Similar pattern can now be seen with sponsorship, and there are tolerance levels for normal people after all for everything, notwithstanding that sponsorship is still in rather positive light as a medium enabling appealing events to be organized in the first place.



Publications dealing with issues of sponsorship have been rare. Particularly studies on academic level are very few in number. Sponsorship is tackled as a practical matter by many authors, publications of which are handbook-like with their excessive amount of case samples. There is a clear shortage of sponsorship studies in Finland, where the topic is usually treated very unscientifically. In addition of being one of the numerous building blocks for a base of academic sponsorship studies, there were the following research questions to be answered in this study:

**1. How are international sponsorship campaigns conducted?**

**2. What are the measurable results of these campaigns?**

The first question is answered as a total in this study by itself, as it is a descriptive study of a sponsorship campaign where Ericsson, a Swedish telecommunications company sponsored a Finnish track and field event as a title sponsor. The implications of the second questions can be criticized as most of the results are measured according to established specifications for advertising. Furthermore, the conclusions are complicated by the nonexistence of the true *ceteris paribus*, since the variables measured are subject to alterations resulting from everything happening within the comprehension of a human being. Subconscious issues have also their own effect when company image matters are considered. Nevertheless, concrete results in brand awareness and brand image can be seen. Brand awareness among the great audience rose, and brand image was enhanced among the clearly targeted audience, namely Ericsson's dealers.

The additional questions were the following:

- How can the results of a sponsorship campaign be measured efficiently?

- What is the connection between corporate strategies and a single sponsorship campaign?
- What possible differences are there in the effects on different target groups?

As stated in many occasions throughout the study, major problems for sponsors are created by the virtual impossibility to measure the results of a sponsorship campaign efficiently. A sophisticated answer to that question will require tremendous efforts by market research and sponsorship specialists. However, studies like this contribute to the base of research needed in order to form a guideline or best practice for potential sponsor companies. Hence even emerging problems with measurement will serve the purpose of acting as a guideline for further studies and help notifying the possible pitfalls. A practical set of research methods is provided by the market research for traditional advertising. This set can be adjusted to the needs of a sponsorship campaign in question. In order to form a set of market research methods solely for sponsorship a lot deeper view must be obtained. This is virtually impossible in a practice oriented thesis like this one. Excessive effort and long time cooperation would be needed by all the parties to establish a totally new framework.

Sponsorship is mostly used as a tactical weapon in the field of marketing. However, companies that can accompany sponsorship with their marketing strategies at the outset, are more likely to reap the full benefits that well planned sponsorship can offer. In Finland there are a few companies that use sponsorship as a strategic tool in stead of an ad hoc solution. Namely Nokia, Sonera and major brewing companies have included sponsorship to marketing communications portfolio and act proactively according to their strategies. Thus usually a good fit between a single sponsorship and corporate strategy can be found within these companies. Ericsson in Finland is heading to the same direction. Sponsorship opportunities are



closely examined and decisions are made by high level directors. Sponsorships are well targeted and considered in order to find the strategic fit.

Two studies to measure the effects of Ericsson's sponsorship campaign were conducted: first, an awareness study was carried out by Taloustutkimus. Second, an image study was conducted by the author. As stated in the Empiria section, the results were somewhat surprising. Awareness was measured before and after the event among those who follow track and field sports. Awareness figures for many companies and the event itself rose somewhat after the event. Especially the event itself was rather well known, but the effects of the sponsors' messages on TV remained almost neutral. Almost disturbing results were measured in the image study: Ericsson's image was studied before and after the event among Ericsson's dealers and the great audience. The perceptions of the great audience dropped after the event and conversely the perceptions of the dealers got even better. This odd direction of change was partly explained by the research company to be an effect of the upcoming major summer holiday, which caused people to be less receptive for complicated commercial messages. Nevertheless, a clear need for sharper brand messages and exploitation of the sponsorship in other marketing activities can be seen in the effects of Ericsson Grand Prix.

A single large scale sponsorship campaign is likely to reach numerous target audiences according to the figure 2: "Corporate Sponsorship Audiences" (page 18). These target audiences must be put in to order of priority by the sponsoring company. Namely, it is virtually impossible to reach all possible target audiences effectively within the same sponsorship, regardless of how large the sponsorship is. Moreover, the methods of communicating the sponsorship to different audiences are extremely variable and inherently dependable on the qualities of the target audience itself. Thus precise targeting is needed with a sponsorship campaign.

In Ericsson Grand Prix the target groups were clearly differentiated: as mentioned in the last paragraph, the other major group was the great audience and the other Ericsson dealers. Methods of communicating the sponsorship to these groups were quite different: the dealers were treated with Ericsson's hospitality services at the event, and they were heavily exposed to Ericsson's messages. The great audience, however, was considerably less exposed to Ericsson's messages. Ericsson was merely a major sponsor among other sponsors. This was naturally affected by the fact the dealers knew that Ericsson is the title sponsor of the event already before it took place.

Sponsors are presented with an endless number of sponsorship opportunities. As a whole, a field of mixed messages is formed by these sponsorships in various contexts. Companies that have clear goals and strategies for their sponsorships can nevertheless differentiate themselves. As presented by Scott Becher (Advertising Age, March 16 1998), the sponsors face the major challenge of nurturing long-term sponsorship equity while delivering consistent short-term results at the same time. Thus great demands are placed to a single sponsorship campaign which is regarded as a part of a continuum and a project that must create immediate revenue. Companies that can accompany these two aspects of a sponsorship are bound to end up with positive results in the sponsorship world full of messages towards the consumer.

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## **APPENDIX**

### **1. QUESTIONNAIRES**

#### **1.1 The image study**

##### **1. Perceptions of Oy LM Ericsson**

very positive	positive	neutral	negative	very negative
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Company	1	2	3	4	5
Products	1	2	3	4	5
Communications	1	2	3	4	5

In the following questions the numeric options are:

1= agree on first option

2= slightly agree on first option

3= undecided

4= slightly agree on second option

5= agree on second option

## 2. Company image

distant	1	2	3	4	5	close
familiar	1	2	3	4	5	unfamiliar
partner	1	2	3	4	5	competitor
friendly	1	2	3	4	5	hostile
domestic	1	2	3	4	5	foreign
modern	1	2	3	4	5	old fashioned
fast	1	2	3	4	5	slow
technique oriented	1	2	3	4	5	humane
developing	1	2	3	4	5	static
youthful	1	2	3	4	5	old

## 3. Product image



high	1	2	3	4	5	low quality
functional	1	2	3	4	5	dysfunctional
easy to use	1	2	3	4	5	difficult
dependable	1	2	3	4	5	susceptible
diverse	1	2	3	4	5	one sided
modern	1	2	3	4	5	old fashioned
advancing	1	2	3	4	5	stagnant
reasonable	1	2	3	4	5	expensive

#### 4. Perception of communications

interesting	1	2	3	4	5	uninteresting
funny	1	2	3	4	5	boring
innovative	1	2	3	4	5	usual
diverse	1	2	3	4	5	one sided
good timing	1	2	3	4	5	invisible
distinct	1	2	3	4	5	bulk
personal	1	2	3	4	5	general

**Parts 1-4 were used in all the questionnaires.**

#### 5. Have you noticed Ericsson communications recently?

- 1      yes
- 2      no

if YES, where have you seen or heard Ericsson communications?

- 1      tv
- 2      radio
- 3      newspaper
- 4      daily
- 5      other magazine
- 6      internet
- 7      other \_\_\_\_\_

**Part 5 was used in questionnaires *before the event*.**

**6. Do you have Ericsson products in use?**

- 1      yes
- 2      no

**Part 6 was used in questionnaires *addressed to the public*.**

**7. How have events sponsored by Ericsson affected your perception of the company?**

	very positively	positively	neutrally	negatively	very negatively
	1	2	3	4	5

**8. How did the hospitality and the Ericsson GP event on June 18<sup>th</sup> affect your perception of the company?**



very positively	positively	neutrally	negatively	very negatively
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1	2	3	4	5
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**9.** How do you see Ericsson as a partner?

very good	good	mediocre	poor	very poor
1	2	3	4	5

**Parts 7-9 were used in questionnaires *addressed to the dealers after the event.* Part 7 was also used in questionnaires addressed to *the public after the event.***

**10.** Did you watch the Ericsson GP held in the Olympic Stadium on June 18<sup>th</sup>, which for example Sergey Bubka, Frankie Fredericks and Jan Zelezny participated?

1	yes
2	no

if YES, where did you watch the event?

1	on site
2	on tv

**Part 10 was used in questionnaires addressed *to the public after the event.***

## 1.2 The awareness study

### QUESTIONS

1. Do you follow athletics?

Yes

MOVE TO QUESTION 2

No

2. Is there any other person in your household that follows athletics?

Yes

No

END INTERVIEW

3. Have you heard about an Athletics Grand Prix event held in Helsinki?

Yes

MOVE TO QUESTION 5

No

4. An Athletics Grand Prix event takes place at the Olympic Stadium on June 18<sup>th</sup>. Among participants are Sergey Bubka, Frankie Fredericks and Jan Zelezny. Have you heard about this Athletics Grand Prix event?

Yes

No

END INTERVIEW

5. To your knowledge, what sponsors does this Grand Prix event have?

Asics

Continental



Ericsson

HK

Ittalahti

Motorola

Nokia

Rannila

Valio

Veikkaus

Other

6. Is any of the following a sponsor of this Grand Prix event? ONLY THE COMPANIES NOT MENTIONED IN QUESTION 5 ARE ASKED

Asics

Continental

Ericsson

HK

Ittalahti

Motorola

Nokia

Rannila

Valio

Veikkaus

7. Where do you remember seeing or hearing brand XXXX advertising during the last week? ASKED BRAND BY BRAND AMONG THOSE MENTIONED BY RESPONDENT IN QUESTIONS 5 OR 6

Preliminary codes that are not told to the respondent are written for the interviewer

1 Television

2 Radio

3 A newspaper

4 A magazine

5 Other paper

6 Athletics Grand Prix event in Helsinki

7 Other

8. Did you follow the Athletic Grand Prix event held in Helsinki?

Yes

No

MOVE TO QUESTION 12

9. Did you follow the event

On site

On television

Other method

10. Which brands' advertising do you remember seeing or hearing with the Athletics Grand Prix event?

Asics

Continental

Ericsson

HK

Italehti

Motorola

Nokia

Rannila

Valio

Veikkaus

Other



ASK AMONG THOSE BRANDS NOT MENTIONED BY THE  
RESPONDENT IN QUESTION 10

11. And do you remember seeing or hearing advertising of the following  
brands with the Athletics Grand Prix event?

Asics  
Continental  
Ericsson  
HK  
Iltalehti  
Motorola  
Nokia  
Rannila  
Valio  
Veikkaus

**Questions 8-11 were asked only in interviews after the event**

12. ASK EVERYBODY

Do you have a mobile phone in use?

Yes  
No

IF ANSWERED NO TO THE LAST QUESTION

13. Does someone in your household have a mobile phone in use?

Yes  
No

MARK DOWN THE SITE OF THE INTERVIEW

Capital Area, i.e. Helsinki, Espoo, Kauniainen or Vantaa

Turku

Tampere

MARK DOWN THE SEX OF THE RESPONDENT

Male

Female

What is your age?

15-24

25-34

35-44

45-54

55+

What is the total annual income of your household?

Under 100.000 mk

100.001-160.000 mk

160.001-220.000 mk

220.001-280.000 mk

Over 280.000 mk

What is your occupation? IF UNEMPLOYED, ASK WHAT WAS THE  
OCCUPATION BEFORE UNEMPLOYMENT

Farmer

Blue collar

White collar



Director or manager position  
Entrepreneur  
Student/pupil  
Retired  
Other

## **2. INTERNATIONAL CHAMBER OF COMMERCE CODE ON SPONSORSHIP**

### **INTRODUCTION**

Sponsorship has become one of the major sources of funding for both local and international events involving sports, the arts, the environment, media, humanitarian and community projects, education and various other fields. Sponsorship is also a useful way for companies and organizations to convey a broad message in association with the event, in a manner which is acceptable to their consumers.

Although for companies sponsorship is an integral part of marketing strategy, it differs from advertising as well as from patronage with respect to objectives, message and control. Sponsorship benefits the general public by making possible events and activities which might not otherwise have been feasible. Successful sponsorship, therefore benefits all the concerned parties , including sponsors, organizers, media and performers, and the general public.

The ICC Code on Sponsorship sets down basic principles and guidelines for good practice and fairness in sponsorship so that sponsorship may play its proper role in the best interests of all concerned.

The code is designed as an instrument for self-discipline within the framework of national and international laws, and is also intended to complement existing self-regulation in the country or countries concerned. The Code is also designed to serve as an interpretative aid for the parties in the clarification of uncertainties arising under the sponsorship, as well as a reference for parties, courts or arbitrators in sponsorship disputes.

## **SCOPE ON THE CODE**

The Code applies to all sponsorship related to corporate image, brands, products, services or events of any kind. The Code does not apply to advertising, sales promotions, direct marketing or other areas which are already covered by other ICC Codes. This Code does not apply to any sort of funding which lacks a commercial or communication purpose, such as donations.

## **DEFINITIONS**

In the context of the ICC Code on Sponsorship certain key terms are defined as follows:

**"Sponsorship"**: any communication by which a sponsor contractually provides financing or other support in order to establish a positive association between the sponsor's image, identity, brands, products or services and a sponsored event, activity, organization or individual.

**"Sponsor"**: any corporation or legal person providing financial or other sponsorship support.

**"Sponsored party"**: any individual or legal person receiving direct or indirect support from a sponsor, related to an activity or event.



**"Audience":** The public, individuals, or organizations to which a sponsorship is addressed.

Other marketing terms used in the Code are defined as in the previously enacted ICC Codes.

## **BASIC PRINCIPLES**

A) All sponsorship should be honest, truthful and legal and conform to the acceptance of fair competition in business.

B) The terms and conduct of sponsorship should be based upon principles of fairness and good faith between all parties to the sponsorship.

C) Sponsorship should be based on contractual obligations between the parties. Sponsorship should be acknowledged and should not be misleading.

D) All categories of sponsors who are legally allowed to conduct business are free to sponsor any activity, event or program of any kind and to define a set of sponsorship objectives, provided that such a sponsorship is consistent with the principles of fairness and good faith set out in this Code and other self-regulatory Codes.

## **RULES**

### **Article 1 - Clarity and Accuracy**

Sponsorship and all related communications should be clear and accurate with respect to all persons and organizations taking part in the sponsorship and to any rights or other privileges granted to the sponsor.

### **Article 2 - Autonomy**

Sponsorship should respect the autonomy of the sponsored party in the management of its own activities and properties, provided the sponsored party fulfills the objectives set out in the sponsorship agreement.

In particular, where the sponsored party's intellectual or creative properties are part of the sponsorship agreement, the sponsored party's creative freedom should be respected.

### **Article 3 - Imitation and Confusion**

Sponsors and sponsored parties, as well as other parties involved in a given sponsorship, should avoid imitation of the representation of other sponsorships where such imitation might mislead or generate confusion, even if applied to non-competitive products, companies or events.

### **Article 4 - Parties to the Sponsorship**

The sponsor should take particular care to safeguard the inherent artistic, cultural, sporting or other content of the sponsored activity or organization and should avoid any abuse of its position which would damage the identity, dignity, or reputation of the sponsored party.

The sponsored party should never obscure, deform, demean or impugn the image or trademarks of the sponsor nor should it jeopardize the goodwill or public appreciation these have earned.

### **Article 5 - The Sponsorship Audience**

The audience should be clearly informed of the existence of a sponsorship with respect to a particular event, activity, programme or person and the sponsor's own message should not deliberately offend the audience's religious, political or social convictions or professional ethics.



The foregoing does not imply any restriction on the sponsor to provide support for avant-garde or potentially controversial artistic/cultural activities, nor is the sponsor thereby required or encouraged to exercise censorship over the sponsored party's message.

#### **Article 6 - Children and Young People**

Sponsorship addressed to or likely to influence children and young people should be vigilant to avoid: taking advantage of the natural credulity of children and the lack of experience of young people; or of straining their sense of loyalty toward their parents or guardians.

#### **Article 7 - Artistic and Historical Objects**

Sponsorship should never be operated in such a way as to endanger artistic or historical objects. Sponsorship which aims to safeguard, restore, or maintain cultural, artistic, or historical properties of their diffusion, should respect the public interest related thereto.

#### **Article 8 - Multiple Sponsorship**

Where the activity or event requires or allows several sponsors, the individual contracts and agreements should clearly set out (and inform all sponsors of) the respective rights, limits and obligations of each sponsor. The sponsored party should be aware of the importance of keeping an appropriate balance between the sponsors.

In particular, each member of a pool of sponsors should scrupulously respect the defined sponsorship fields and the allotted communications

tasks, abstaining from any inference that might unfairly alter the balance between the contribution of each sponsor.

The sponsored party should inform any possible future sponsors of any sponsors already a party to the sponsorship. The sponsored party should not accept a new sponsor without the approval of sponsors who are already contractually parties to the sponsorship.

### **Article 9 - Television, Radio and Cinema Sponsorship**

The content and scheduling of sponsored programmes should not be influenced by the sponsor so as to abrogate the responsibility, autonomy or editorial independence of the broadcaster or programme producer.

Sponsored programs should be identified as such by display of the sponsor's name and/or logo at the beginning and/or end of the programs.

Particular care should be taken to ensure that there is no confusion between sponsorship of an event or activity and sponsorship of the television, radio or cinema transmission of that event or activity.

### **Article 10 - Sponsorship and the Environment**

Both sponsors and sponsored parties should take into consideration the potential environmental impact of the sponsorship when planning, organizing and carrying out the sponsorship activities.

Any sponsorship message fully or partially based on a positive (or reduced negative) environmental impact should be substantiated in terms of actual benefits to be obtained. Parties to the sponsorship should respect the principles set out in the ICC Charter for Sustainable Development.



When advertising claims are made with respect to the sponsorship, the advertisements should conform to the principles set out in the Code on Environmental Advertising.

### **Article 11 - Implementation**

This Code of self-discipline is to be applied nationally by bodies already in existence or set up for the purpose and internationally by the ICC International Council on Marketing Practice wherever:

- A) A national body does not exist; or
- B) The parties so agree; or
- C) The parties belong to different countries